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FBIS-EAS-95-024 CONTENTS *6 February 1995*

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NORTHEAST ASIA

Japan

Automaker Talks With Garten Unlikely *[NIHON KEIZAI SHIMBUN 3 Feb]* 1
BOJ Praises U.S. Interest Rate Hike *[NIHON KEIZAI SHIMBUN 2 Feb]* 1
Editorial Examines U.S. Interest Rate Increase *[ASAHI SHIMBUN 4 Feb]* 1
U.S. Invition to Murayama To War Event Denied *[KYODO]* 2
Foreign Firms Eye Investment Trust Sector *[NIHON KEIZAI SHIMBUN 4 Feb]* 3
Murayama To Miss UN Social Development Summit *[KYODO]* 3
Editorial Urges Prompt Action on Peso Crisis *[YOMIURI SHIMBUN 3 Feb]* 4
Surplus Expected To Drop Below $120 Billion *[NIHON KEIZAI SHIMBUN 4 Feb]* 4
Reports on Tokyo's Agenda at G-7 Meeting 5
    To Brief G-7 on Quake Efffect *[KYODO]* 5
    Fiscal Deficits at Issue *[KYODO]* 5
Tokyo To Urge IPR Protection at APEC *[KYODO]* 5
Envoy To Moscow Interviewed on Chechnya, Ties *[SANKEI SHIMBUN 4 Feb]* 6
Tamazawa on Changes in Russian Leadership *[KYODO]* 6
MOFA Assesses Post-Deng PRC Outlook *[TOKYO SHIMBUN 3 Feb]* 7
Reportage on Consolidation of Public Corporations 7
    MITI: Review To Proceed *[KYODO]* 7
    Several Corporations Targeted *[KYODO]* 8
    Government Plans Criticized *[MAINICHI SHIMBUN 5 Feb]* 8
Banks To Liquidate Bad Loans Via Trusts *[KYODO]* 9
Credit Union Rescue Plan Criticized *[KYODO]* 9
Debate Continues on Financing of Quake Damage *[KYODO]* 10
Tax Hike To Finance Reconstruction Discussed 10
    Takemura Welcomes Hike *[KYODO]* 10
    Toyoda Sees Need for Hike *[KYODO]* 10
    NFP's Kaifu Opposes Hike *[KYODO]* 11
    EPA: Deficit Bonds Favored *[KYODO]* 11
Reconstruction Costs Set at 9.48 Trillion Yen *[NIHON KEIZAI SHIMBUN 4 Feb]* 11
Quake Damage Reported 40 Percent of Oil Tanks *[KYODO]* 12
Draft Bill Outlines Reconstruction of 'Hanshin' *[ASAHI SHIMBUN 3 Feb]* 12
Ministry To Revise Quake-Resistant Designs *[KYODO]* 12
Ministry To Extend Tariff Date for Importers *[KYODO]* 13
JICA Medical Team Begins 1st Relief Mission *[KYODO]* 13
Duty-Free Status Considered for Kobe *[KYODO]* 13
Recommendation for Crisis Management Ignored *[KYODO]* 14
Land Agency Criticized on Quake Handling *[AERA 6 Feb]* 14
Official on Improving Crisis Management *[YOMIURI SHIMBUN 3 Feb]* 16
Second FY94 Supplementary Budget Outlined *[NIHON KEIZAI SHIMBUN 5 Feb]* 17
FY95 Budget Approval 'Certain' by End of March *[KYODO]* 17
'Considerably Large' Extra Budget Pledged *[KYODO]* 18
Murayama's Post-Quake Standing Examined *[MAINICHI SHIMBUN 5 Feb]* 18
Political Writer Views Outlook for Murayama *[EKONOMISUTO 14 Feb]* 19
Kenichi Omae To Run for Tokyo Governor *[KYODO]* 20
Article Hopes for Takemura as Foreign Minister *[NIHON KEIZAI SHIMBUN 2 Feb]* 21
Gubernatorial, Mayoral Election Results Reported *[KYODO]* 22
Postponing Elections in Quake Area Hinted *[KYODO]* 22

North Korea

ROK Proposal for Talks on N-S Visits Denounced *[KCNA]* 23
Organization Heads Contact ROK Counterparts *[KCNA]* 23
KDWU Proposes N-S Women's Groups Contacts *[KCNA]* 24
Contacts Urged Between N-S Men of Literature *[KCNA]* 24
Paper Criticizes Kim Yong-sam's 'Globalization' *[KCNA]* 24
ROK Foreign Exchange Control Reform Criticized *[Pyongyang Radio]* 25
U.S. Officials Support U.S.-North Agreement *[Pyongyang Radio]* 26
    KCNA on U.S. Officials' Comments 26
U.S. Annual Human Rights Report Cited on ROK *[KCNA]* 27
Paper Warns Against Resumption of 'Team Spirit' *[KCNA]* 27
U.S. State Department Delegation Departs 4 Feb *[KCNA]* 27
Air War Exercises of U.S. 'Warmaniacs' Decried *[KCNA]* 27
Paper: France 'Chieftain of Nuclear Proliferation' *[KCNA]* 28
Japanese Party's Nuclear Comments Criticized *[KCNA]* 28
Chongnyon Holds Fourth Enlarged Meeting 2 Feb *[KCNA]* 29
Group in Japan Supports Joint Meeting Proposal *[KCNA]* 29
WPK Delegation Led by Hwang Arrives in Denmark *[Pyongyang Radio]* 29
Delegates Leave for Kazakhstan, Kyrgyzstan 6 Feb *[KCNA]* 30
60 Export Production Bases Said Created in 1994 *[KCNA]* 30
People in ROK Reportedly Praise Kim Chong-il *[KCNA]* 30
Kim Chong-il's Work Reported by Foreign Media *[KCNA]* 30
More on Kim Chong-il Birthday Celebrations Abroad *[KCNA]* 31
Kim Chong-il's Birthday Achievements Praised *[KCNA]* 31
Kim Chong-il Sends Thanks to Officials, Workers *[KCNA]* 32
Kim Chong-il Lists Tasks in Message to Youth *[KCNA]* 32
    KCNA Details Message to Youth 32
Delay in Construction of Kim Il-song Tomb Noted *[MAINICHI SHIMBUN 4 Feb]* 33
Efforts Exerted To Achieve Greater Local Trade *[Pyongyang Radio]* 34
Paper Praises Chuche Revolutionary Work Method *[KCNA]* 34

South Korea

Kong on Importance of Improvement in N-S Ties *[YONHAP]* 35
NUB Reiterates Proposal on High-Level Talks *[Seoul Radio]* 35
    Urges Pyongyang To Accept Visits *[YONHAP]* 35
Daily Analyzes DPRK Strategy on N-S Dialogue *[KYONGHYANG SINMUN 6 Feb]* 35
Dailies Urge North To Accept Meetings Proposals *[CHOSON ILBO 4 Feb, etc.]* 36
South, North Enter 'Propaganda War' on Visits *[THE KOREA HERALD 5 Feb]* 37
Editorial: North, South Lack Will for Dialogue *[HANGYORE SINMUN 5 Feb]* 38
Companies 'Bribe' North Officials for Business *[YONHAP]* 39
    Firms Reportedly To Be Penalized *[TONG-A ILBO 4 Feb]* 39
Difficulties in Investing in North Korea Noted *[SEOUL SINMUN 6 Feb]* 40
Kim Chong-il Seeks Honors To Promote 'Cult' *[YONHAP]* 40
U.S. Firm Plans To Study Imports From North *[YONHAP]* 41
U.S. Denies North Koreans Visited White House *[YONHAP]* 41
Possible UN-Sponsored Joint N-S Projects Noted *[TONG-A ILBO 3 Feb]* 41
Envoy Comments on Lessons of German Reunification *[THE KOREA TIMES 4 Feb]* 42
North Atomic Energy Experts Contact German Firm *[Seoul Radio]* 42
    Purpose of Move Analyzed *[YONHAP]* 42
French Weekly: North Missiles Sold to Zaire *[YONHAP]* 43
Measures on Opening of North Airspace Planned *[YONHAP]* 43
World Vision Society Plans Grain Gift to North *[CHUNGANG ILBO 6 Feb]* 43
    Seoul Not Opposed 'in Principle' *[YONHAP]* 44
Gorbachev Arrives for Green Cross Symposium *[YONHAP]* 44
    Says Unification Already Begun *[YONHAP]* 45
    'Willing To Arrange' N-S Summit *[YONHAP]* 45
Seoul Decides To Participate in U.S. TMD *[CHOSON ILBO 6 Feb]* 45
Foreign Minister Kong Departs for U.S., Japan *[YONHAP]* 46
    Arrives in Washington, D.C. 4 Feb *[YONHAP]* 46

    Discussion on N-S Dialogue Planned *[Seoul Radio]* 46
    'Diplomatic Sources' Comment *[YONHAP]* 47
Daily Views U.S. 'Double-Dealing' Tactics *[CHOSON ILBO 4 Feb]* 47
Officials on Effect of U.S.-PRC 'Trade War' *[CHOSON ILBO 6 Feb]* 49
    Export 'Fruits Will Not Be Big' *[YONHAP]* 49
U.S., South America Study Supporting WTO Bid *[YONHAP]* 49
U.S. Group on Semiconductor Producers' Top Sales *[THE KOREA TIMES 3 Feb]* 50
Kim Yong-sam Meets Japanese Nobel Laureate *[YONHAP]* 50
Taiwan Withdraws Duties on ROK Petrochemicals *[YONHAP]* 51
Daewoo Group, SRV Agree on Hanoi Compound City *[HANGUK ILBO 5 Feb]* 51
Seoul Assures 'Hot Money' No Threat to Economy *[THE KOREA TIMES 3 Feb]* 51
Seoul: Foreign Trainees To Receive Minimum Wage *[YONHAP]* 52
Hyundai's Acquisition of AT&T Division Approved *[YONHAP]* 52
Potential Candidates for DLP Leadership Listed *[YONHAP]* 53
DLP Renames Kim Yong-sam as Party President *[THE KOREA TIMES 4 Feb]* 53
Democratic Liberal Party Chairman Said Chosen *[YONHAP]* 54
DLP Plans Reshuffle After National Convention *[YONHAP]* 54
DLP Plans Pension System for Foreign Workers *[YONHAP]* 55
Kim Chong-pil's Party Plans Mar Inauguration *[YONHAP]* 55
Defense Minister Interviewed on Various Issues *[SEOUL SINMUN 6 Feb]* 55
Army Plans To Downsize Military Headquarters *[HANGYORE SINMUN 3 Feb]* 57
Daily on Armed Forces Reinforcement Projects *[SEOUL SINMUN 6 Feb]* 57
Ministry Considers Revising Garrison Decree *[YONHAP]* 58

SOUTHEAST ASIA

Burma

UN Officials Welcomed at Rangoon Airport *[Rangoon Radio]* 59
DAB Plan To Hold Meeting Seemingly 'Doomed' *[BANGKOK POST 6 Feb]* 59
Article Describing Fall of Manerplaw Continues 59
    Part VI of Article *[Rangoon Radio]* 59
    Part VII of Article *[Rangoon Radio]* 61
Karen Guerrillas Set Up 'Mobile Headquarters' *[THE NATION 6 Feb]* 63
Government Statement Denies Manerplaw Takeover *[Radio DVOB]* 64
'Guerrillas' Vow To Destroy Thai Gas Pipeline *[THE SUNDAY NATION 5 Feb]* 64
SSPP Central Committee Member Interviewed *[THE SUNDAY POST 5 Feb]* 65
Muslim Rebel Surrenders in Mergui *[Rangoon Radio]* 67
Aung Khin Sint, Other Detainees Released *[Rangoon Radio]* 67
Refugees From Bangladesh Total 148,146 *[THE NEW LIGHT OF MYANMAR 27 Jan]* 67

Brunei, Malaysia & Singapore

Malaysia

Royal Navy Ships Depart To Join UN Fleet *[THE STAR 3 Feb]* 67
Mahathir Warns About Loss of GSP Benefits *[THE SUNDAY STAR 5 Feb]* 68
Trade Minister Views EU Move on GSP *[Kuala Lumpur International]* 68
Problems of WTO Addressing Labor Issues Viewed *[THE STAR 4 Feb]* 68
Two Diplomats Elected to WTO, UN Posts *[BERITA HARIAN 4 Feb]* 70
Editorial on Mahathir's Visit to Philippines *[UTUSAN MALAYSIA 2 Feb]* 70
Command Ship Commissioned Into Royal Navy *[NEW STRAITS TIMES 2 Feb]* 70

Cambodia

Khmer Rouge Radio Criticizes Talbott Statements 71
    On Providing Arms *[Radio PGNUNS]* 71
    On Opposing Khmer Rouge *[Radio PGNUNS]* 71
Khmer Rouge Radio Reports Clash in Siem Reap *[Radio PGNUNS]* 72
Sihanouk Appeals to Khmer Rouge on Nonviolence *[Phnom Penh Radio]* 72
Ministers Say KR Preparing Nationwide Offensive *[Phnom Penh Radio]* 73

French Cooperation Minister Arrives for Visit *[Phnom Penh Radio]* 73
Commentary Praises Paris Club Debt-Relief Offer *[Phnom Penh Radio]* 73
Reaction to Rangsi Criticism of Airline Deal *[THE NATION 3 Feb]* 74
Development Council Criticizes Rangsi *[Phnom Penh Radio]* 74

Indonesia

Workshop Discusses ASEAN Position in APEC *[SUARA PEMBARUA in 1 Feb]* 75
Minister: Rights Group Enjoys 'Independence' *[Jakarta Radio]* 75
Government Pledges Further Curbs on Inflation *[THE JAKARTA POST 28 Jan]* 75
* Business Bribes Said To Hurt Wages *[KOMPAS 9 Jan]* 76
* Private-Sector Caution on Foreign Debt Urged *[BISNIS INDONESIA 7 Jan]* 77

Laos

World Bank Approves Loan for Public Health *[KPL]* 78
Delegation Returns From World Economic Forum *[KPL]* 78
Central Committee Delegation Returns From SRV *[KPL]* 78
Official Interviewed on Economic Policies
[HONG KONG FAR EASTERN ECONOMIC REVIEW 9 Feb] 79
* Writer Recalls Air War, Viangsai, Leadership *[VIENTIANE MAI 15 - 20 Dec]* 79

Philippines

DFA Denies Christopher Report on Human Rights *[Quezon City TV]* 82
Japan OECF Team Evaluates Projects for Loan *[MANILA BULLETIN 2 Feb]* 82
Romulo Reveals Vietnam's ASEAN Membership *[Quezon City TV]* 82
Commission Agrees on More Cooperation With SRV *[Quezon City TV]* 83
MILF Stockpiles Arms Despite Peace Talks *[THE MANILA CHRONICLE 2 Feb]* 83

Thailand

'Hasty' U.S. Sanctions on PRC Criticized *[THAILAND TIMES 6 Feb]* 84
Editorial on U.S. Reaction to Turmoil in Burma *[THAI RAT 4 Feb]* 84
ASEAN Policy Toward Burma Reviewed 85
    Surin Reaffirms Policy *[THE NATION 3 Feb]* 85
    Thaksin Questions Policy *[THE NATION 4 Feb]* 85
Army To Monitor Burmese Refugee Repatriation *[BANGKOK POST 3 Feb]* 86
Monk Urges Chuan To Mediate in Burma Conflict *[THE NATION 4 Feb]* 87
Chuan To Offer Bo Mya 'Temporary Shelter' *[BANGKOK POST 4 Feb]* 87
Karens Reportedly Commence Guerrilla Campaign *[BANGKOK POST 6 Feb]* 88
Lao Minister: Maintain Current Bilateral Policy *[THE SUNDAY POST 5 Feb]* 88
Cuban Foreign Minister Meets Agriculture Official *[MATICHON 3 Feb]* 89
AFTA Tariff Reduction Schedule Moved Up *[BANGKOK POST 4 Feb]* 89
Suphachai Seeks Lower Countertrade Requirements *[KRUNGTHEP THURAKIT 6 Feb]* 90
Editorial Criticizes Gas Deal With Burma *[THE NATION 4 Feb]* 90

Vietnam

Reports on ASEAN Membership Status 91
    VNA: 'Officially Admitted' 91
    Radio: Accepted as Observer *[Hanoi International]* 92
Post-Embargo Trade Relations With U.S. Viewed *[Hanoi Radio]* 92
State Firms 'Gradually' Adapt to Market Economy *[Hanoi International]* 92
SCCI Chairman Meets With Foreign Investors *[VNA]* 92
Foreign Investment Status, Outlook Reviewed *[THOI BAO TAI CHINH 5 Jan]* 92
* 'Plight' of Amerasians Sent to U.S. Reported *[DAI DOAN KET 10-16 Dec]* 94
Do Muoi Speech Marks CPV 65th Anniversary 96
    Part I of Speech *[Hanoi Radio]* 96
    Part II of Speech *[Hanoi Radio]* 98
    Part III of Speech *[Hanoi Radio]* 100
* Solution to Unemployment of Former Soldiers *[THOI BAO KINH TE SAIGON 22-28 Dec]* 101
* Future of National Defense Industry Examined *[HANOI MOI CHU NHAT 11 Dec]* 102

Japan

Automaker Talks With Garten Unlikely

OW0402165395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 3 Feb 95 Morning Edition p 13

[FBIS Translated Text] It has become very likely that the idea of "direct government-private sector negotiations" which the U.S. Government has been considering as its "trump card" for settling Japanese-U.S. auto-sector frictions will be called off. Jeffrey E. Garten, U.S. under secretary of commerce for international trade, is scheduled to visit Japan next week to talk with Japanese automakers' top officials, but according to a U.S. Government source, the itinerary of Garten's visit has not yet been firmed up, and the plan is up in the air. No substantial progress was made at negotiations that ended in late January regarding automobiles and auto parts under the bilateral framework trade talks. The Japanese auto industry is quite reluctant about ideas such as increasing planned purchases of foreign-made auto parts by Japanese automakers, who seem to be beginning to think that "no results will be achieved even if negotiations were to be held with the U.S. Government."

Negotiations between a foreign government and private industries are unheard of. The U.S. Government spelled out this idea in early January because the Japanese Government has stressed that it "will not negotiate on matters outside the government's jurisdiction under the framework trade talks." The purpose of holding government-private sector negotiations was to settle the issue of increasing the purchases of foreign-made auto parts by Japanese automakers and improving the chances for U.S. automakers to sell their products on the Japanese market—a "private sector business affair" (as stated by Tatsuro Toyoda, chairman of the Japan Automobile Manufacturers Association [JAMA]).

JAMA, however, has indicated that it "will not tolerate 'administrative guidance' regardless of whether it comes from the Japanese Government or a foreign government." Because major automakers' top officials met with Garten when he visited Japan in January 1994, they are convinced that "even if a meeting were to be held again, discussions will be held on the same topics as were discussed the last time" (as stated by a public relations official at a major automaker).

This Japanese attitude seems to have been conveyed to the U.S. Government. At the trade talks held last week, issues such as purchases of foreign-made auto parts—which should have been considered matters outside the government's control—were brought up over and over again. It has been said that "because the U.S. Government has learned that it would be difficult to gain concessions through negotiations with Japanese automakers, it has decided to place its hopes in 'administrative guidance' by the Ministry of International Trade and Industry" (as stated by an industry official). The Japanese Government has reportedly maintained its previous stand, arguing that "it is unfair to require only Japanese-affiliated factories to increase their purchases of auto parts."

As for intergovernmental negotiations under the framework trade talks, a meeting of experts is to be held in Tokyo in mid-February. The U.S. Government hopes to reach a settlement in late March, but voices have already been raised in some quarters of the Japanese automobile industry that "that will not happen until the summit meeting of major industrialized nations in the middle of the year."

BOJ Praises U.S. Interest Rate Hike

OW0302135595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Feb 95 Evening Edition p 1

[FBIS Translated Text] The government and Bank of Japan [BOJ] praised the seventh phase of U.S. interest rate hikes, saying: "It will contribute to the stability of financial and investment markets" (as stated by a BOJ official). Regarding Japan's monetary policy, the government and BOJ said: "The U.S. interest rate hike will have no effect, and the current policy will not be changed" (as stated by a senior BOJ official), indicating Japan's intention to maintain its ongoing policy of promoting financial deregulation.

On 2 February, a BOJ source said: "The interest rate hike shows that U.S. financial authorities are firmly determined to work for continued growth without inflation." He then stressed: "Through this, along with additional aid to Mexico under U.S. initiative, we can hope for favorable effects toward securing stability in financial and investment markets."

Editorial Examines U.S. Interest Rate Increase

OW0502133795 Tokyo ASAHI SHIMBUN in Japanese 4 Feb 95 Morning Edition p 5

[Editorial: "U.S. Interest Rate Increase Based on the Thinking That Necessity Knows No Bounds"]

[FBIS Translated Text] The action could be compared to the act of pouring water into a bathtub while on the other hand draining it at the same time. The United States' raising its official interest rate right after deciding on a big financial aid package to help Mexico, which was stricken with a monetary crisis, looks to be very irrational. That is the dilemma that the U.S. economy has fallen into.

In light of the overheated U.S. economy, the Federal Reserve Board's (FRB) decision to raise the interest rate is considered to be appropriate. If the interest rate increase had not been implemented despite the expectations of the market, it could have resulted in a "triple crash" involving crashes of the dollar, stocks, and bonds. If it had not been for the increase, the Japanese economy, which has been shocked by the great Hanshin earthquake, could have been struck by another blow—the appreciation of the yen.

But Japan cannot feel at ease yet. What caused the fall of the Mexican peso was the financial tightening by the United States over the past year. The high interest rates in the United States have diminished the attractiveness of Mexico as a market for securities investments, and these have caused funds to flow back into the U.S. market from Mexico.

Another increase in the interest rate at this time can accelerate this flow of funds. The rupture of the Mexican economy was averted by a $50 billion assistance package, but the international financial markets will remain uneasy about the possibility of the crisis recurring there.

The reason why the FRB went ahead with the rate increase, although it was aware that this could serve to harm Mexico's economy, was because it could not allow the U.S. economy to run away unrestrained.

The U.S. economy is now in excellent shape. Its 4-percent growth rate last year was the highest in 10 years. While commodity prices are stable, the unemployment rate is low. But the U.S. economy structurally is not strong enough to sustain these conditions for a long period. The dual deficits—in trade and finances—remain large as ever.

The trade deficit is continuing to grow. As a result of a speedier economic recovery in the United States than in Japan and Europe, imports into the former have increased sharply. On top of this, as a result of the decline in the peso, exports to Mexico are expected to drop drastically. This will come as a blow to the U.S. economy.

There is also the possibility that the federal deficit, which has shrunk for now, will again increase. This is because the Clinton administration—with its eye on the presidential election next year—is leaning toward popularity-oriented policies like a cut in the income tax. On the other hand, if the U.S. economy keeps on running at a high rate of growth, in exceeding its capacity, this will incite inflation and bring down the dollar.

What the United States is doing is a stunt of walking the tightrope of pouring cool water—by raising the interest rate—on the overheated economy, while trying to stop the flow back into the United States of funds from newly industrialized countries. If the economy fails to slow down despite this interest rate increase, the interest rate then will increase further, and not only Mexico but also other newly industrialized countries which depend on foreign funds for their sources of capital will be driven into difficulties.

This is also the toughest question being asked of the summit of the seven countries' (G-7) finance ministers and central bank governors now being held in Toronto. Both the decline of the dollar and the currency crises of the newly industrialized countries can cause the world economy, which appears to be coming out of the darkness, to cloud over.

Even if countries can come up with a system for aiding financially Mexico-like newly industrialized nations, that can work only one time. Basically, what is necessary is for the U.S. Administration to tackle boldly the problem of its fiscal deficit, however unpopular this may be with the people, and thus reduce its financial burdens. Once there is the prospect that the deficit will clearly shrink, long-term interest rates in the United States will then come down automatically, and the flowing back of funds will cease.

Now is certainly no time for Japan to think about raising its own official discount rate as the United States has done. Japan must maintain its basic policy of relaxing its monetary policy so that there will be no impediments to programs for reconstructing the earthquake disaster area. At present, long-term interest rates in the country are stable, but in the future, there is the possibility that with large amounts of national bonds being issued, funds will become scarce, thus putting pressure on interest rates to rise.

In that respect, this condition of the United States' having a hard time due to rising interest rates is not simply someone else's problem. In thinking about the question of where it should find the financial resources for the reconstruction programs, the government should not think only about the convenience of financing this, but also about the various impacts that the sources of these funds will have on its overall finances.

U.S. Invition to Murayama To War Event Denied

OW0602095195 Tokyo KYODO in English 0859 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—Japan on Monday [6 February] categorically denied a reported invitation in January by U.S. President Bill Clinton to Prime Minister Tomiichi Murayama to attend a ceremony commemorating the 50th anniversary of the end of World War II.

"I would like to clearly state that the report in question is totally groundless," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

The top government spokesman was referring to a report in the MAINICHI SHIMBUN newspaper's Monday evening edition that said Clinton invited Murayama at their Jan. 11 summit in Washington to attend the ceremony planned for Sept. 2.

Clinton urged Murayama to accept the invitation to strengthen future bilateral relations, the national daily quoted government sources as saying.

The Japanese side asked the U.S. not to make clear statements on the matter, inspiring Clinton to tell a joint news conference after the Japan-U.S. summit he had yet to decide whether or not to invite Murayama to the event, the MAINICHI said.

The newspaper said the invitation has still not been made public.

The MAINICHI said the Japanese Government is resisting the invitation because of sentiments of people in Japan opposed to celebrations on that date.

The MAINICHI said the U.S. plans to invite leaders of the former allied nations, and Asian and Pacific region countries, including Japan, to the ceremony in Honolulu on the date of Japan's official surrender in the war.

Japan formally accepted the terms of surrender on Aug. 14, 1945 that were set out in the Potsdam Declaration. The surrender was made official in a ceremony held on Sept. 2 aboard the USS Missouri in Tokyo Bay.

The U.S. views Sept. 2 as the date of the end of the war.

The MAINICHI quoted a Foreign Ministry source saying it is difficult for Japan to accept an offer whereby the prime minister would attend a ceremony held on the day Japan signed the surrender documents.

Meanwhile, the Foreign Ministry also sought Monday to dispel the newspaper report.

Vice Foreign Minister Kunihiko Saito told a press conference the report is "totally untrue."

Foreign Firms Eye Investment Trust Sector

OW0502110095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Feb 95 Morning Edition p 1

[FBIS Translated Text] Pursuant to the Japanese-U.S. economic framework talks, the Finance Ministry on 1 February removed regulations banning investment consulting companies from engaging in the investment trust business. Being encouraged by this, foreign investment consulting firms one after another are moving to start investment trust operations in Japan.

The U.S.-invested Morgan Stanley Investment Advisory Corporation will file an application with the Finance Ministry this month for a permit to engage in additional business activities, and other major European investment consulting firms are now considering following its move.

Among Japanese firms, the Sakura Bank-affiliated Sakura Asset Management Company will soon merge with another Sakura affiliate, the Sakura Investment Trust Management Company, to improve its operational capacity while saving on expenses.

Competition in the investment trust business is certain to stiffen as companies vie for a share of the household financial assets market, which is more than 1 quadrillion yen in size.

Morgan Stanley is reported to be now in the process of developing a new investment trust program with an element of financial derivatives incorporated in it—in anticipation that it will be participating in the investment trust business. The company hopes to have the first program on the market in the latter half of this year.

Others contemplating making similar moves include the European- invested D.B. Morgan Grenfell Asset Management Company, the Barclays de Zoete Wedd Investment Management Company, and the U.S.-invested Scudder Stevens and Clark Japan.

Because companies and institutional investors lost much of their working capital in the collapse of the bubble economy, foreign investment consulting firms think they "need to have all kinds of programs" (according to D.B. Morgan Grenfell).

Foreign investment consultants have had difficulties getting business in the public pension sector even though this area was opened up to consulting firms in 1990. Japanese business practices have been the obstacle. Barclays plans to focus on the investment trust business once it obtains a license to do this, and the Barclays Trust Bank will be put in charge of handling pension fund investments exclusively.

The Sakura Asset Management Company and the Sakura Investment Trust Management Company decided to merge because of their expectation of cutting expenses by sharing their administrative operations. The two firms apparently expect that having their executives work together will lead to eventually improving their operational capabilities. The timing of the merger and the allocation of the investment share ratio between the two are yet to be decided.

Murayama To Miss UN Social Development Summit

OW0602103495 Tokyo KYODO in English 0952 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—Prime Minister Tomiichi Murayama will not attend a United Nations-sponsored summit in Copenhagen in March because of domestic commitments, sources close to Murayama said Monday [6 February].

The sources said he made the decision because he wants to give priority to recovery in the Kobe region following the devastating Jan. 17 great Hanshin earthquake.

The sources said the government is considering sending Foreign Minister Yohei Kono to the conference on behalf of Murayama.

The March 11-12 world summit for social development is the first in the world to bring together the leaders of nations to discuss poverty, discrimination against women, unemployment and other social issues.

Russian President Boris Yeltsin, French President Francois Mitterrand, South Korean President Kim Yong-sam, Chinese Premier Li Peng and U.S. Vice President Al Gore are among the leaders who have indicated they will attend the summit which will round off several days of deliberations, beginning March 6, by delegates on the subject of social development.

Editorial Urges Prompt Action on Peso Crisis

OW0402064195 Tokyo YOMIURI SHIMBUN in Japanese 3 Feb 95 Morning Edition p 3

[Editorial: "Prompt Action Urged To Help Tide Over the Currency Crisis"]

[FBIS Translated Text] A meeting of finance ministers and central bank governors of the seven industrialized nations (G-7) like Japan, the United States, and Germany will start in Toronto, Canada, on 3 January. This will be the first ministerial meeting of the summit member nations this year.

The world economy generally is on the road to recovery. We hope these nations will agree on an improved cooperation structure to ensure the recovery.

The most important, immediate task for them is to take prompt actions to help Mexico tide over its currency crisis.

The currency crisis that started with the depreciation of the Mexican peso late last year and developed into a crash in Latin American's securities and bonds markets created apprehensions among U.S. and other foreign investors as the time for redemption of Mexican government short-term bonds neared. The situation worsened toward the end of December. The initial aid package of $18 billion rushed by the United States, Japan, and Europe in early January could not stop the crisis, and President Clinton presented to Congress a package requesting $40 billion in assistance, but had to give up, failing to gain enough support. Subsequently, a new assistance package of more than $30 billion comprising additional loans from the IMF and industrial nations like Japan and European countries has come into being.

The G-7 countries in the meeting should confirm their cooperation in efforts to help Mexico tide over the crisis, and should also ask the Mexican Government to make self-help efforts to reduce its current-account deficits. The countries should discuss ways to strengthen their alert systems to prevent recurrence of such crisis.

As for the cause of the currency crisis, some officials concerned in Japan and Europe think the United States and Mexico are very much responsible for the situation. They assert that the United States was too hasty in having Mexico join the North American Free Trade Agreement (NAFTA) and that Mexico tried to stick to the peso's value irrationally when its country's current-account deficit was shooting up as a result of the sharp rise in imports. Objective investigation on the cause of the crisis is necessary, but what needs to be done right now is to put a stop to the currency crisis by implementing assistance programs without delay. No efforts in cooperation toward this purpose should be spared.

In order to help the world achieve economic growth without inflation, the seven member nations need to get together in resolving immediate tasks, and to coordinate their macroeconomic policies on finance and banking.

The United States, the key player among the industrial nations on the way to economic recovery, announced on 1 February a measure for financial tightening—the seventh such measure since February last year.

The country's real GDP for 1994 saw a 4 percent growth, recording a high which surpasses the government's forecast. The prices of commodities are stable, but with the operations of businesses' plant and equipment going on at a high level, there are strong concerns about inflation.

We consider the intention of the U.S. Federal Reserve Board (FRB) to prevent the rise of commodity prices by tightening the country's finance and thus to help the economic recovery last longer to be appropriate.

We hope Japan, Germany, and the five other countries in the meeting will reconfirm their willingness to pool their power and means, financial and monetary, toward recovery of the world economy— commensurate with their own economic conditions.

Now there are voices of concern being expressed at home and abroad about the possibility of the Hanshin earthquake disaster becoming an impediment to Japan's economic recovery, or the possibility of the funding demand for reconstruction from the disaster creating chaos in the international money market.

The Japanese Government and the Bank of Japan should announce clearly in the meeting that they will continue to take appropriate policy actions—by maintaining the basic position of freeing up finance and providing adequate funding to meet the demands of the private sector.

Surplus Expected To Drop Below $120 Billion

OW0402091795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Feb 95 Morning Edition p 3

[FBIS Translated Text] Japan's current account surplus in 1994 is likely to have fallen for the first time in the last four years. The turnaround is ascribed to the ballooning deficit of invisible trade accounts, or the balance of service trade, although the commodity trade surplus posted a moderate 0.7 percent year-on-year growth. It is believed that deficits in the travel and transportation balances have hit the record high, reflecting increases in overseas travelers and imports. As a result, the current account surplus in 1994 is expected to remain below $120 billion, down by around $10 billion from the previous year.

After sinking to $35.7 billion in 1990, the lowest recent level, Japan's current account surplus has continued to rise because of a decline in imports under a recession. This is seen as a major cause of foreign countries' strong demands for an opening of the Japanese market.

The decline in the 1994 current account surplus is caused primarily by a sharp increase in overseas payments for service trade. Japan's invisible trade deficit is expected to reach $9 billion, more than double that of the previous year.

For the first 11 months of last year, the deficit in the tourism account increased by 17.0 percent from a year earlier to $24.93 billion, breaking the record high marked in 1993. Statistics by the Japan National Tourist Association says 12.39 million Japanese tourists traveled overseas in the first 11 months of 1994, exceeding the total number of overseas tourists in 1993, 11.93 million.

The deficit in the transportation account, or the balance of incoming and outgoing air fares and shipping charges, came to $11.47 billion for the January-November period in 1994. When the deficit in December is calculated, the figure will certainly hit a record high. Since the balance of the transportation account is closely linked to the volume of imports, the growth of the transportation deficits is primarily because of an increase in imports in the last half of 1994. Also, the figure has been pushed up by younger travelers' preference for foreign-based airlines, which have been upgrading their connections with Japanese airports.

Trade watchers hold the view that "the growth of Japan's trade surplus has peaked" (as noted by the Finance Ministry Customs and Tariff Bureau) since the expansion of imports is becoming a clear trend in Japan. In contrast, an upward trend in the invisible trade deficit is likely to persist for the time being. The nation's current account surplus seems to have entered a downward phase.

Reports on Tokyo's Agenda at G-7 Meeting

To Brief G-7 on Quake Efffect

OW0402042895 Tokyo KYODO in English 0409 GMT 4 Feb 95

[FBIS Transcribed Text] Toronto, Feb. 3 KYODO—Japan will brief Group of Seven (G-7) officials on its efforts to minimize the impact of damage caused by the Jan. 17 great Hanshin earthquake on the domestic economy which has begun to pick up after a long recession, a Japanese financial official said Friday [3 February].

Finance Minister Masayoshi Takemura and Bank of Japan Governor Yasuo Matsushita will provide a broad outline on the economic and financial implications of the earthquake for G-7 industrialized nations, the official said.

The great Hanshin earthquake claimed more than 5,200 lives and destroyed thousands of buildings in the port city of Kobe and its vicinity.

At the meeting, which is being held Friday and Saturday, Takemura is expected to decline comment on how much the government will spend on restoration measures as discussion on the issue is currently under way in Prime Minister Tomiichi Murayama's government.

However, Takemura and Matsushita will try to assure other G-7 officials that there is little fear that Japan's long-term interest rates will rise even if the government issues additional bonds to cover quake damage, the financial official said.

The G-7 meeting is unlikely to focus much on the issue of Japan's huge trade surplus as the global economy is, on the whole, recovering, the official said.

Regarding foreign exchange rates, Japanese participants in the meeting are not expected to bring up the issue as the yen-dollar rate has been stable, the official said.

Takemura will meet with U.S. Treasury Secretary Robert Rubin before the second round of the G-7 meeting on Saturday.

In the bilateral meeting, Takemura and Rubin are expected to confirm Japan-U.S. cooperation for financial support for Mexico in light of that country's recent currency crisis, the official said.

They are also likely to exchange views on the Japan-U.S. trade framework talks, which are expected to result in serious debate between the two nations.

The talks will be Takemura's first with Rubin, who assumed the Treasury job in January to succeed Lloyd Bentsen.

Fiscal Deficits at Issue

OW0602041695 Tokyo KYODO in English 0340 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—Japan's huge fiscal deficit will become an issue at future meetings of top financial officials from the Group of Seven (G-7) industrial nations, Finance Minister Masayoshi Takemura indicated Monday [6 February].

Takemura told House of Representatives Budget Committee session that most industrial nations are under pressure to reduce their fiscal deficits and that Japan's deficit will become an issue in the future.

He also suggested that a ceiling should be considered on issues of deficit-covering bonds, noting the outstanding balance of government bond issues at the end of fiscal 1995 in March 1996 is likely to rise to 212 trillion yen.

Tokyo To Urge IPR Protection at APEC

OW0602075795 Tokyo KYODO in English 0731 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—Japan will propose at a high-level APEC meeting next week that more assistance be given to developing countries to protect intellectual property rights [IPR] such as patents, government officials said Monday.

Senior officials of the Asia-Pacific Economic Cooperation (APEC) forum will hold the meeting Feb. 13-15 in Fukuoka, southwestern Japan, to prepare for an informal summit and ministerial meeting scheduled for November in Osaka.

The government officials said Japan will also propose at the Fukuoka meeting increased help to developing countries to improve their customs systems.

At the last informal summit held in Indonesia last November, APEC leaders issued a declaration calling for liberalization of trade and investment in the Asia-Pacific region by 2020.

The officials said that to achieve the goal, industrial nations must help developing nations protect intellectual property rights and improve their customs systems.

Some developing countries offer no protection for such rights and lack adequate customs systems, they said.

Envoy To Moscow Interviewed on Chechnya, Ties

OW0602102295 Tokyo SANKEI SHIMBUN in Japanese 4 Feb 95 Morning Edition p 3

[Interview with Japanese Ambassador to Russia Koji Watanabe by SANKEI SHIMBUN correspondent Hiruyuku Sugita in Japan; date not given]

[FBIS Translated Text] SANKEI SHIMBUN reporter Sugita has interviewed Japanese Ambassador to Russia Koji Watanabe on the situation in Chechnya, domestic issues in Russia, the issue of allowing Japanese fishermen to catch fish in waters off the Northern Territories and prospects for the return of the Northern Territories to Japan and the conclusion of a peace treaty between Japan and Russia. Ambassador Watanabe is currently visiting Japan.

[Sugita] What impact do you think the Chechen situation will have on the Yeltsin government?

[Watanabe] The Chechen situation is Russia's tragedy. There was a considerable miscalculation. There is a possibility, however, that a democratic government will be formed after elections in Chechnya and order will be restored there under the framework of the Russian Constitution. To what extent Russia will cooperate in reconstructing and developing Chechnya is an important element. President Yeltsin is now embracing the idea of a political solution after finding that a policy of imposing a military solution did not go down well. The president has great authority and was elected legally under the Russian Constitution. There will be no one in Russia to replace Yeltsin as president by June when the presidential election is held.

[Sugita] What has Japan asked Russia to do in connection with the situation in Chechnya?

[Watanabe] Japan has been asking Russia to end the fighting in Chechnya at the earliest date and to push for reforms, not set them back. European nations and the United States have promised to continue backing reforms in Russia and Moscow has said the "reforms will not be set back."

[Sugita] There are problems in Russia involving state sovereignty, human rights, and the right to national self-determination. What are your thoughts?

[Watanabe] Territorial preservation is the most basic principle shared by the international community. Russia is a multi- ethnic nation and the Russian Federation is faced with a host of knotty issues involving the right to national self-determination. It cannot be said, though, that republics in Russia have the right to take measures toward national self-determination. The human rights issue, however, is a universal one.

[Sugita] When will Russian Foreign Minister Kozyrev visit Japan?

[Watanabe] It seems likely he will visit Japan in late February or early March. Japan is currently urging Russia to go ahead with the visit at that time.

[Sugita] Do you expect his visit to Japan to move the territorial issue forward?

[Watanabe] The domestic situation in Russia remains unstable and no prospects for a stable domestic situation in the country are yet in sight. No Russian politician denies the existence of the territorial issue between Japan and Russia.

[Sugita] There is also the issue of permitting Japanese fishermen to operate in waters off the Northern Territories.

[Watanabe] No agreement has been reached between Japan and Russia on when to hold negotiations on this. Russia is at the stage of coordinating internally and it was difficult to hold talks in January. Japan is currently negotiating with Russia on the premise that full-dress negotiations should be held prior to Russian Foreign Minister Kozyrev's visit to Japan. The fishing season has begun and Japan has urged Russia to hold the negotiations as soon as possible.

Tamazawa on Changes in Russian Leadership

OW0302142595 Tokyo KYODO in English 1357 GMT 3 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO—The chief of Japan's Defense Agency urged caution Friday [3 February] over a possible change in the Russian leadership, saying it could lead to an aggressive Russia and a threat to Japan.

"Politics in Russia is unstable, so a change of government could make it aggressive and a threat," Tokuichiro Tamazawa said on a private TV network program videotaped Friday evening.

Tamazawa made the remarks in reference to an ongoing review of Japan's defense program as his agency has been under pressure to cut spending on defense equipment.

Tamazawa stressed the need to maintain a certain level of defense equipment, noting that smaller countries have weapons of mass destruction and ballistic missiles are spreading.

He also cited regional tensions such as those in the Korean peninsula, between China and Taiwan, and between India and Pakistan, in support of his argument.

In other remarks on the TV program, Tamazawa rapped local governments in western Japan hit by the Jan. 17 earthquake for having failed to respond quickly to the disaster and delaying the dispatch of Self-Defense Forces (SDF) troops to the quake-ravaged area.

Tamazawa said the Hyogo and Osaka prefectural governments and the Kobe municipal office all were without plans to deal with major disasters and have not conducted antidisaster drills.

He apparently made the comments in reference to a slow start in relief operations involving SDF personnel because of a delayed request by the Hyogo governor for relief assistance.

Under existing law, the SDF cannot send its troops to disaster areas without a request by local governments.

MOFA Assesses Post-Deng PRC Outlook

OW0402180795 Tokyo TOKYO SHIMBUN in Japanese 3 Feb 95 Morning Edition p 3

[FBIS Translated Text] The Japanese Ministry of Foreign Affairs [MOFA] holds the opinion that even if Chinese paramount leader Deng Xiaoping, whose health is said to be deteriorating, passes away, political confusion will not arise during at the least next two years, and the present system centering around state President Jiang Zemin will be maintained. This view was revealed by a top MOFA official on 2 February.

The U.S. Department of Defense has entrusted a U.S. group of experts with analyzing the likely situation in China after Deng's death. In its report issued recently, this group revealed the controversial analysis that "the new leaders are unlikely to appear within one or two years, but, in the mid-term, the possibility of China splitting up rises to 50 percent."

The MOFA's perspective is basically the same as this. It believes: "Even if Mr. Deng passes away, China would not be faced with confusion nor a crisis in the near future. China would make a move to maintain the unity of the state under state President Jiang's leadership."

As for the basis of its view, the MOFA points out the following: 1) Mr. Deng has already handed over the three power bases of the CPC, the government, and the People's Liberation Army to President Jiang; and 2) because China's present leadership has witnessed the split caused by the great proletarian Cultural Revolution and the collapse of the former USSR, they will try to strengthen the state's unity.

Jiang was elected CPC general secretary at the CPC party plenum in October 1992. His term of office (five years) will expire in October 1997. This is one of the reasons for the belief that "even if Deng Xiaoping passes away now, confusion will not occur during next two years."

However, the view that "President Jiang is not as charismatic as Mr. Deng" has been prevailing among the MOFA. Many MOFA officials believe that the mid-term outlook for China's situation remains uncertain.

Reportage on Consolidation of Public Corporations

MITI: Review To Proceed

OW0302025395 Tokyo KYODO in English 0156 GMT 3 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO—Streamlining of government-sponsored special corporations should not be affected by the Jan. 17 great Hanshin earthquake in western Japan, International Trade and Industry Minister Ryutaro Hashimoto said Friday [3 February].

Hashimoto was denying a newspaper report that the government is considering excluding 20 organs likely to play a key role in reconstruction of the quake-hit areas from a streamlining package set for release on Feb. 10.

"Discussions on reforming public organs should not be linked to the earthquake," Hashimoto told a news conference after the day's cabinet meeting.

He added, however, it might be possible to freeze discussions on administrative reforms for a certain time if there are organs that are really needed in the rehabilitation works.

"As far as my ministry is concerned, there are no such organs," Hashimoto said. "The trade ministry will craft a reform plan as scheduled."

The NIHON KEIZAI SHIMBUN economic daily reported Friday the government plans to give up the scheduled compilation of administrative streamlining for 20 of 92 public corporations, including the Japan Development Bank and Hanshin Super-Highway Corp.

On ways to reconstruct severely-damaged Kobe and its vicinity, Hashimoto said the government can come up with a relief package next week.

He said financial measures taken so far are not sufficient enough to fully help relieve the situation of affected corporations and people.

Hashimoto said an extended deferral in loan repayments could be more effective than an expanded ceiling in interest-free loans in smoothing the startup of corporate rehabilitation work.

"These measures should be basically implemented within an existing legal framework," Hashimoto said, citing an expected time- consuming process in the case of creating new laws.

Hashimoto said discussion on ways to finance the steps is impossible at a time when the government's relief framework has yet to be clarified.

Several Corporations Targeted

OW0402092595 Tokyo KYODO in English 0817 GMT 4 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO—The government plans to either merge or scrap 12 of the 92 government corporations as part of its administrative reforms, government sources said Saturday [4 February]. The Farm Ministry-affiliated Japan Raw Silk and Sugar Price Stabilization Agency and Livestock Industry Promotion Corp. will be merged, as will the Transport Ministry-affiliated Maritime Credit Corp. and the Railway Development Fund, they said.

Coal Mine Damage Corp., which is supervised by the Ministry of International Trade and Industry (MITI), will be merged into the new Energy and Industrial Technology Development Organization. The government is planning to abolish the Social Development Research Institute, but operations will be taken over by a national research organization supervised by the Health and Welfare Ministry.

The government is also considering merging the MITI-affiliated Japan External Trade Organization (JETRO) with the Institute of Developing Economies, the sources said. The government will privatize Mutual Aid Fund for official causalities and retirement of volunteer fireman, which is supervised by the Home Affairs Ministry. Japan Tobacco Inc. will cease to maintain a monopoly on salt, the sources said.

However, the government has shelved a plan to privatize the Japan Development Bank due to resistance from the Finance Ministry, the sources said.

The government is expected to come up with its final plan Friday after it receives final reports from ministries and agencies on trimming corporations under their jurisdictions. Prime Minister Tomiichi Murayama has put administrative reform as a top priority for his cabinet, vowing that his government will complete a review of special public corporations by the end of March.

The streamlining of corporations was aimed to appease voters who are discontent over a planned consumption tax hike in 1997. Many high-ranking bureaucrats take senior posts at government corporations after they retire, in a practice known as "amakudari," or descent from heaven. Of the 92 government corporations, 21 are affiliated with the Transport Ministry, giving it the most corporations among all the ministries.

Government Plans Criticized

OW0602085595 Tokyo MAINICHI SHIMBUN in Japanese 5 Feb 95 Morning Edition p 5

[Editorial: "It Will Be Difficult To Win Public Support for Administrative Reform Which Involves Integration Without Cuts"]

[FBIS Translated Text] There is a growing feeling in the government that work on drawing up plans to streamline special public corporations should be delayed because of the need to take measures to reconstruct areas hit by the great Hanshin earthquake.

That is out of the question. Of course the government must take measures to reconstruct quake-hit areas, but it will do no good for the government to "temporarily freeze" the work of studying how to streamline special public corporations. The government must take the view for now that administrative reform and the earthquake are separate problems.

Administrative reform is not simply aimed at making the administration more efficient and cutting the amount of money that is wasted. As can be seen from the government's failure to respond quickly to the earthquake, it is incapacitated. Administrative reform is supposed to turn the administration around and enable it to respond to new circumstances.

The government has started work on reassessing special public corporations in response to growing public opinion that as it is increasing people's tax burden by raising the rate of consumption tax, it should do something to make itself leaner and fitter.

The great Hanshin earthquake has created a situation in which the people may share more of their tax burden. The government, therefore, needs to voluntarily make efforts to trim itself.

The government has asked ministries and agencies to draw up plans to reassess 92 special public corporations. About 20 of them, such as the Japan Development Bank, the Hanshin Expressway Public Corporation, the Housing and Urban Development Corporation, and the Housing Loan Corporation, are involved in the reconstruction of areas hit by the earthquake. For this reason, some in the government and ruling parties have begun voicing the need to delay work on reassessing the special public corporations.

Construction Minister Koken Nosaka has said: "We are badly in need of help. I have asked the Hanshin Expressway Public Corporation and the Housing and Urban Development Corporation to do their utmost to reconstruct areas hit by the earthquake without worrying about anything else. Now is not the time to be working on reassessing special public corporations."

His comment is typical of the feeling within the government and ruling parties that work on streamlining the special public corporations should be delayed. Behind this argument is an attempt by each ministry and agency to keep their special public corporations intact by riding the reconstruction wave in areas hit by the earthquake.

Management and Coordination Agency Director General Tsuruo Yamaguchi has ruled out delaying reassessment of the special public corporations, adding that all 92 will be reassessed at the same level. His comment are only to be expected and we hope he will stick to his position.

The important next step is to decide to what extent the special public corporations should be streamlined. Government plans are to reduce the 92 by 10 percent. In draft streamlining plans, the major measure will be the integration of the Japan Raw Silk and Sugar Price Stabilizing Agency and the Livestock Industry Promotion Corporation.

Sakigake's [Harbinger] reassessment plans say the two corporations have no further role to play and should be disbanded. The Ministry of Agriculture, Forestry and Fisheries, however, has proposed integrating the two corporations into a single body, claiming that they should be kept intact to stabilize prices of farm and livestock products.

It is clear that merely integrating the two special corporations will only cut a few executive positions and will not serve to cut the prices of farm and livestock products by very much. The government should be clear about which special public corporations should be abolished. Those it decides it has to keep should be made lean by a thorough reexamination of what they do.

The government should not neglect to study ways to integrate or turn over to private hands such government-financed special public corporations as the Japan Development Bank and the Small Business Finance Corporation.

In his policy speech to the Diet, Prime Minister Murayama expressed his resolve to push through the reassessment of special public corporations, saying: "I will promote the streamlining and integration of special public corporations by the end of March by displaying my political leadership."

The prime minister has flip-flopped in remarks about government plans to deal with earthquake damage. But he will be unable to get away with similar flip-flopping over administrative reform because he has explicitly said his cabinet will stake its future on carrying it out. We hope the prime minister will show us clear-cut plans to carry out administrative reform.

Banks To Liquidate Bad Loans Via Trusts

OW0402055695 Tokyo KYODO in English 0525 GMT 4 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO—The Ministry of Finance plans to let major commercial banks dispose of nonperforming loans through their trust bank units, ministry officials said Saturday [4 February].

Major commercial banks, known as city banks in Japan, are planning to establish their trust bank subsidiaries as early as this summer.

The establishment has become possible due to the enactment of the Financial System Reform Law in 1993. Under the law, the big four brokerage houses—Nomura, Daiwa, Nikko and Yamaichi Securities companies—and long-term credit banks have already set up such banks.

The nation's 11 city banks, however, were pondering whether to form trust bank units at an early date because such units are prohibited from managing lucrative pension funds and "tokkin" specified money trusts.

The Finance Ministry is considering monetary claims in trust as a way to spur liquidity in nonperforming assets at city banks, since trust bank subsidiaries are allowed to manage such trusts under the law, officials said.

Under the planned method, trust bank units buy the parent banks' bad loans at a discount, sell them to investors in small lots and pay dividends to the buyers according to the results of management of the funds.

While parent banks suffer some losses when they transfer bad loans to their trust bank units, they will be able to make their managerial foundation more sound, the officials said.

Credit Union Rescue Plan Criticized

OW0302142395 Tokyo KYODO in English 1352 GMT 3 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO—The mid-January creation of a bank by the Bank of Japan and two commercial banks to rescue two financially stranded credit unions came under fire again from two cabinet ministers Friday [3 February] at the Diet.

International Trade and Industry Minister Ryutaro Hashimoto and Home Affairs Minister Hiromu Nonaka criticized the rescue move in reply to interpellations at a session of the House of Representatives Budget Committee.

Nonaka said it is highly doubtful whether in creating the bank—Tokyo Kyodou Bank—public interests were being taken into consideration.

He also said it was unusual that the two credit unions, Tokyo Kyowa and Anzen, extended excessively large loans to affiliated resort facilities.

Nonaka doubted the propriety of using 18 billion yen from taxes paid by Tokyo residents in the rescue project, considering the background of the financial status of the two credit unions.

Hashimoto said the Tokyo metropolitan government can extend 30 billion yen in low-interest loans but that it is not known whether other prefectural governments can do that.

He said the Tokyo metropolitan government should be called on to take the responsibility.

Finance Minister Masayoshi Takemura said the management of the new bank will probably call the previous management of the two credit unions to account.

Debate Continues on Financing of Quake Damage

OW0602103595 Tokyo KYODO in English 0920 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—Vice Finance Minister Jiro Saito said Monday [6 February] he appreciated various suggestions being made on how to finance restoration of areas devastated by the Jan. 17 earthquake in Kobe and its vicinity, but said the government's policy remains a "blank slate."

Saito said at a press conference, "I appreciate very much the ongoing serious debate on how to finance quake measures."

But he said the ministry has yet to start discussions on how to finance the damage since the assessment of the total quake damage and the scale of another supplementary budget for the current business year has not been completed.

There is growing support among some in the ruling coalition parties and the industrial world for a tax hike or suspension of planned tax cuts for fiscal 1995 starting April 1 to secure funds to finance emergency relief measures and reconstruction in quake-hit Kobe and its vicinity.

"We have heard various opinions through reports," but a decision has not been made, Saito said.

Asked about progress in working out the government's plan for administrative reform by Friday, Saito said only that the management and coordination agency is putting together proposals by government ministries and agencies.

He declined to comment on the content of his ministry's reviews on special corporations under its jurisdiction, saying investigations are still under way.

Tax Hike To Finance Reconstruction Discussed

Takemura Welcomes Hike

OW0502135195 Tokyo KYODO in English 1315 GMT 5 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO—Finance Minister Masayoshi Takemura on Sunday [5 February] welcomed the spread of discussions within the ruling coalition on tax increases to finance reconstruction work following the great Hanshin earthquake.

The money for such work should come from the people, Takemura said at a press conference in Tokyo following his return from a two- day meeting in Toronto of finance ministers and central bankers of the Group of Seven (G-7) major industrial countries.

"The focus of the discussions should be on whether the funds should come from government bond issues or tax hikes or any other source," he said.

In the G-7 meeting, the Japanese delegation told their G-7 colleagues that the damage caused by the recent earthquake, estimated at nearly 10 trillion yen, can be repaired without any adverse effect on the world economy.

Takemura also said the G-7's top economic policy makers agreed in the meeting to make further efforts toward better fiscal health in order to sustain global economic growth.

"We have to secure some fiscal backing for any public works," including reconstruction jobs, he said, stressing the need to take measures to avoid any fiscal deterioration due to the costly reconstruction programs.

Toyoda Sees Need for Hike

OW0602122395 Tokyo KYODO in English 1125 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—Business leader Shoichiro Toyoda said Monday [6 February] a tax hike may be needed to finance reconstruction from last month's devastating earthquake in western Japan.

Toyoda, chairman of the Federation of Economic Organizations (Keidanren), told a press conference Japanese taxpayers should share the burden of financing rehabilitation by reviewing the current direct and indirect tax portions.

Japan's taxation system depends more on direct taxes, said Toyoda, also chairman of Toyota Motor Corp.

Concerning the fund for restoration, Toyoda said the government should make the most of the reserve fund in the national budget and cut back various national project costs which are not urgent.

If such funds are insufficient, Toyoda said, the government should issue construction bonds to source the restoration.

There is growing support among some in the ruling coalition parties and the industrial world for a tax hike or suspension of planned tax cuts for fiscal 1995 starting April 1 to secure funds to finance emergency relief measures and reconstruction in quake-hit Kobe and its vicinity.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, has said tax hikes are needed as part of a comprehensive plan to finance reconstruction.

Keidanren submitted a proposal the same day to State Minister Sadatoshi Ozato to call for the government to swiftly draw up supplementary budgets and special legislation for comprehensive measures for reconstruction.

In the proposal to Ozato, who is in charge of disaster rehabilitation, Keidanren urged the government to establish a basic infrastructure, including transportation in the quake-hit region.

Meanwhile in Osaka, Tetsuro Kawakami, chairman of the Kansai Economic Federation (Kankeiren), said in a press conference the government should freeze income tax cuts on 2 trillion yen in fiscal 1996 and divert the funds for earthquake rehabilitation.

Kawakami said the restoration work will require a huge amount of money and the burden should be shared by the entire population of Japan.

Kawakami, however, said the proposal is based on his personal view and no consensus has been reached yet among economic organizations in the Kinki region on how to raise the necessary funds.

NFP's Kaifu Opposes Hike

OW0402120495 Tokyo KYODO in English 1116 GMT 4 Feb 95

[FBIS Transcribed Text] Okayama, Japan, Feb. 4 KYODO—The leader of Shinshinto (New Frontier Party) [NFP], Japan's largest opposition party, voiced opposition Saturday [4 February] to any tax hike to finance reconstruction of Kobe and other areas devastated by the Jan. 17 great Hanshin earthquake.

"I have no plan to raise taxes," Shinshinto leader Toshiki Kaifu told a press conference in reference to a notion floated within the government of doing so to secure funds to rebuild the quake-hit area in western Japan.

Asked whether his party would submit a no-confidence motion against Prime Minister Tomiichi Murayama's government, Kaifu said it is the right of an opposition party but stressed that what is important right now is to rebuild the quake-hit area.

The issue of how to raise funds for the restoration of the quake-damaged area has been in the spotlight as the Hyogo Prefectural Government has put the cost of rebuilding quake-ravaged facilities at 8.55 trillion yen.

Government officials have alluded to the possibility of issuing deficit-covering bonds to secure reconstruction funds and raising taxes later to redeem them.

In a related development, Shinshinto deputy chief Takashi Yonezawa said the issue of deficit-financing bonds may be inevitable to finance reconstruction work but it may become difficult to avoid raising taxes to redeem them.

"There might be a time when raising taxes cannot be avoided if there is a revenue shortfall after issuing deficit-financing bonds," Yonezawa said at a press conference in Nagano.

Sitting by Yonezawa, Ttutomu Hata, another Shinshinto deputy chief, told the same press conference that Murayama should resign after finishing the reconstruction work to take responsibility for his government's slow response to the disaster.

"The prime minister should feel his responsibility and act on his own," Hata noted.

Murayama, who has been under fire for his government's slow start in rescue and relief operations, has admitted to shortcomings in initial rescue operations.

EPA: Deficit Bonds Favored

OW0302031995 Tokyo KYODO in English 0159 GMT 3 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO—The government should issue deficit-covering bonds rather than taking other means to fund restoration work in western Japanese areas hit by the Jan. 17 great Hanshin earthquake, the Economic Planning Agency (EPA) head said Friday [3 February].

"Considering the effects spreading to the future, issuing deficit-covering bonds is better than expanding the concept of construction bonds," Masahiko Komura, director general of the agency said at a regular press conference after the day's cabinet meeting.

The government should take note that the nation's economy has just come out of a long recession, he said.

In order to maintain the still fragile upward momentum in the economy, recovery work of the quake should be financed by deficit-covering bonds, rather than raised taxes as suggested by some government officials and experts, Komura added.

Reconstruction Costs Set at 9.48 Trillion Yen

OW0402160995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Feb 95 Morning Edition p 5

[FBIS Translated Text] In its report released on 3 February, the Mitsubishi Research Institute indicated that a total of 9.48 trillion yen will be needed to repair the damage caused by the great Hanshin earthquake. In the report entitled "The Economic Impact of the Great Hanshin Earthquake," the institute also said that reconstruction work will help bring about production totaling 18.89 trillion yen over the next several years and push up real GDP growth in FY 95 by 0.57 percent over the initial estimate.

Due to the macroeconomic impact of the earthquake, production capacity, among other things, will temporarily decline because more than 5,000 people have been killed and production facilities have been destroyed. This will bring real growth in FY 94 down to 0.76 percent, a 0.14-percent decline compared to the initial estimate. Meanwhile, it is expected that production capacity on a national basis will make a rapid recovery, resulting in real growth in FY 95 being revised upward by 0.57 percent to 2.37 percent. The institute also indicated that to secure funds for reconstruction, it will be necessary to issue approximately 1.6 trillion yen worth of additional reconstruction bonds, among other measures.

Quake Damage Reported 40 Percent of Oil Tanks

OW0402091895 Tokyo KYODO in English 0859 GMT 4 Feb 95

[FBIS Transcribed Text] Kobe, Feb. 4 KYODO—Some 40 percent of the 415 oil tanks in Kobe's coastal petroleum complex were damaged by the Jan. 17 earthquake, posing a threat of oil leaks and fires, city officials said Saturday [4 February]. The great Hanshin earthquake left 164 tanks tilted and one malformed, they said. It also caused 40 cracks, one 30 centimeters long, in a reinforced concrete wall around the complex designed to prevent oil leaks.

It is believed the leaning tanks are a result of liquefaction, whereby land becomes soft and liquified due to a quake. "Because of liquefaction, the foundations themselves of these tanks sank. I wonder why no fire broke out in the wake of oil leaks," one official said.

Minoru Matsuo, a professor of foundation engineering at Nagoya University, said his survey of reclaimed sites and artificial islands in the quake-hit areas found that sufficient measures were not taken to prevent liquefaction. "The cause of the leaning tanks is believed to be liquefaction rather than a fault in their foundations themselves," he said.

City officials said there are no fears that the tanks will collapse, but they ordered the owners to empty oil from the damaged tanks to prevent secondary accidents such as leaks and fire. Nearly 90 percent of the 143 large tanks, each capable of holding 1,000 kiloliters or more of oil, were not built under current quake- resistant standards, they said. The officials are also asking owners of older tanks to inspect them and determine if reinforcement work is needed.

Draft Bill Outlines Reconstruction of 'Hanshin'

OW0502151395 Tokyo ASAHI SHIMBUN in Japanese 3 Feb 95 Evening Edition p 2

[FBIS Translated Text] On 3 February, contents of a special legislative draft document for the reconstruction of areas struck by the great Hanshin earthquake were disclosed. New concepts, including a plan to allow foreign construction companies to take part in the reconstruction, were incorporated into it. It can be said that Hyogo Prefecture's idea, which is aimed at making the most of international views on the reconstruction, is a local governments new proposal to the central government, which is prone to be slow in dealing with worsening economic frictions.

In addition to requests that have been made so far—including tax reductions, introduction of long-term loans with low interest rates, and the easing of regulations on floor space of buildings in relation to the size of the lots on which they stand—the draft enumerates several ideas such as 1) opening reconstruction projects to foreign companies; 2) establishing a special administrative district for easing regulations; and 3) setting up a free trade zone.

As for "opening reconstruction projects to foreign companies," the draft proposal—since there will be enormous amounts of work for the construction of houses and buildings and improvement of harbor facilities and other social capital—calls for the formation of a framework, designed to enable foreign companies to actively take part in reconstruction projects.

When Kansai Airport was constructed, the Japanese construction circle's bidding system, which was protected by bid-rigging, the keiretsu [corporate affiliation] system, and other Japanese business practices were taken up as major problems called "non-tariff barriers." In addition to lowering construction costs through creating competition among construction companies, we can expect that the draft proposal, if foreign companies are freely allowed to take part in the reconstruction, will have the effect of easing foreign criticism of Japan's closed market.

Establishment of a "special administrative district" is an idea designed to turn the disaster-stricken area into a testing ground for implementing bold deregulations measures. In such a special district, the government can speed up reconstruction works by taking such measures as simplifying administrative procedures. At the same time, the government can inspect impacts and effects of deregulation measures on domestic industries and administrative systems.

The "designation of a free trade zone" is an idea aimed at setting up a special economic zone in the disaster-stricken area. Companies will be given tax benefits in the free trade zone. By lowering corporate taxes and tariffs, Hyogo Prefecture plans to use the free trade zone concept for making companies, who want to move out from around Kobe, remain; attract new industries and factories to the area; and restore functions of Kobe as a trade port.

Ministry To Revise Quake-Resistant Designs

OW0502071595 Tokyo KYODO in English 0607 GMT 5 Feb 95

[FBIS Transcribed Text] Osaka, Feb. 5 KYODO—The Construction Ministry is considering revising the earthquake-resistant design for underground shopping centers in Japan as a result of the severe damage that the subways in the western port city of Kobe sustained in the Jan. 17 great Hanshin earthquake, officials said Sunday [5 February].

The subways running through Kobe were severely damaged, with several posts supporting the ceilings at stations being broken.

The larger-than-expected damage to underground construction, to which seismic experts had assured less vulnerability in a quake compared with buildings above ground, have prompted the ministry to set about revising the standards of earthquake-proof design, the officials said.

A popular method of construction—by removing the ground to build an underground tunnel and putting the soil back above it—was used to construct the Kobe subways. Almost all large-scale underground shopping centers and underground parking lots nationwide were built by the same method.

Seismologist experts had said underground construction moves in a level direction along with vibration created by a quake so that earthquake-resistance design puts importance on measures against level pressure.

But experts now note that, when the Jan. 17 quake occurred, there were severe horizontal vibrations that broke posts at several subway stations.

This was the first case in the world in which a quake has destroyed underground subway posts in a major city, the officials said.

The ministry's city bureau said the present standards of quake-proof design for building subway tunnels have been applied to underground shopping centers and parking lots.

Therefore, if the standards for subways are altered, the new ones will also be applied to designing other underground construction.

The Jan. 17 quake, which caused the heaviest damages in Japan since the great Kanto earthquake struck the Tokyo region in 1923, toppled an elevated highway and many bridges for the shinkansen bullet trains.

The great Hanshin earthquake also destroyed or badly damaged more than 107,000 buildings and houses, the National Police Agency said.

Ministry To Extend Tariff Date for Importers

OW0302032295 Tokyo KYODO in English 0212 GMT 3 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO—The Finance Ministry is considering extending further the deadline for payment of tariffs by importers suffering from damage to Kobe port by the Jan. 17 great Hanshin earthquake, Finance Minister Masayoshi Takemura said Friday [3 February].

Takemura told reporters that he has instructed his ministry to study such measures as the nation's trading base was badly damaged by the quake.

Quake-hit importers can extend their tariff deadlines to some extent under the current law. However, Takemura called for a further extension.

Also under consideration as special measures is the exemption of fees and commissions for extraordinary customs clearance beyond usual working hours for emergency relief goods and quake-stricken cargoes, Takemura said.

Since both measures require new legislation, the ministry will promptly work out necessary bills to submit to the current Diet session, he said.

JICA Medical Team Begins 1st Relief Mission

OW0502083995 Tokyo KYODO in English 0610 GMT 5 Feb 95

[FBIS Transcribed Text] Kobe, Feb. 5 KYODO—A team of a Foreign Ministry-affiliated overseas assistant organization on Sunday [5 February] started medical relief activities in the quake-ridden port city of Kobe, marking its first domestic relief mission.

The medical team of the Japan International Cooperation Agency (JICA) began its relief operations at a shelter in the Higashi-Nada Ward in central Kobe.

The move came on the heels of instructions by Prime Minister Tomiichi Murayama to study whether JICA can dispatch a medical team to disaster areas within Japan.

JICA decided Friday to send a total of 24 medical experts to Kobe, agency officials said.

The organization has about 500 registered medical experts who can be sent to disaster areas overseas.

But legislation limits their activities to outside the country, preventing them from going to areas hit by the Jan. 17 killer quake which claimed more than 5,200 lives.

Duty-Free Status Considered for Kobe

OW0602102195 Tokyo KYODO in English 0931 GMT 6 Feb 95

[FBIS Transcribed Text] Kobe, Feb. 6 KYODO—The Hyogo prefectural government is considering making the quake-ravaged port city of Kobe a duty-free zone for the quick rebuilding of its industries, Hyogo government sources said Monday [6 February].

The scheme, as stipulated in the Customs Duties Law as a bonded area system, will allow companies to store and process imported materials without customs clearance.

Okinawa opened the only other duty-free zone in Japan in 1988, and creating another would require a revision of the law.

Damage from the Jan. 17 great Hanshin earthquake, which flattened Kobe and several other western Japanese cities, is estimated at nearly 10 trillion yen, according to the government.

Kobe's mainstay industries, including shipbuilding, chemical and food businesses, have sustained severe damage.

Some of Kobe's neighboring cities such as Ashiya and Nishinomiya would also be covered by the tariff free zone scheme, which may be limited to a reconstruction period of around 10 years, according to the sources.

The step is an addition to the list of the government's financial aid plans for the devastated businesses, including low-interest loans to companies to rebuild damaged plants and shops. The new tax incentives would also help companies boost exports.

Also expected are the possible effect of enticing foreign companies to the quake-hit areas and the consequent pickup in jobs.

Under the current bond system, companies are required to submit requests for designations as bonded factories and bonded warehouses.

If they get the designations, the companies can store and process imported materials at these factories and plants without paying tariffs.

In exchange, the companies have to pay bond fees ranging from 27,200 yen to 136,100 yen per month, according to the areas of the facilities.

Acquiring the designations is not easy, especially for small companies, because of the tough criteria.

There are currently some 130 bonded factories in Kobe.

Recommendation for Crisis Management Ignored

OW0302100495 Tokyo KYODO in English 0938 GMT 3 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 3 KYODO—The government has given short shrift to its own advisory panel's warning more than two years ago against big urban-centered earthquakes and recommendations for a better crisis management system.

No actual steps have been taken so far in response to the recommendations made by the Economic Welfare Council in November 1992 to then Prime Minister Kiichi Miyazawa.

The council urged the government to take immediate measures to enhance the overall system to handle severe damage expected to be inflicted by quakes as devastating as the Jan. 17 great Hanshin earthquake.

The council's report argued that the people's vigilance remained weak despite the growing danger of such a quake due to progressing urbanization and the aging of the populace.

Among the concrete steps called for were the establishment by the government of expert organizations to gather and analyze information and to boost cooperation among ministries and local governments.

It stressed the need for systematic collection of disaster information and its comprehensive analysis as well as the importance of diversity in information-transmitting channels.

Experts on disaster management belonging to a subcommittee of the council advocated the establishment of systems to minimize destruction, handle crises effectively and compensate for damage.

They called for an increase in the government's disaster-handling staff, closer contacts among ministries and the fostering of volunteer workers.

They also proposed a greater diversity of information transmission channels to prevent paralysis of the telecommunications network even if government buildings collapse.

In an actual quake-caused calamity, the experts said the government should increase disaster-handling staff immediately after the quake, seek to comprehend the extent of damage, secure traffic and water supply, and organize volunteer workers.

Also recommended was preparation for joint operations of hospitals for quick treatment of the injured, especially the elderly.

The government was also urged to prepare for the cut-off of water, gas and electricity supplies, while companies and local governments were told to stock up on food and water for emergencies.

The recommendations were made on the premise that a quake of magnitude 7 or stronger on the Richter Scale could be foreseen "with a certain imminence."

Land Agency Criticized on Quake Handling

OW0602063595 Tokyo AERA in Japanese 6 Feb 95 pp 20-21

[Article by editorial staff member Shunji Taoka: "Useless National Land Agency Is Not Needed"]

[FBIS Translated Excerpt] An on-the-spot reshuffle is quite unusual in Japan, where the system of "sure penalty and certain reward" is rarely encountered. Director-General Kiyoshi Ozawa (LDP, Tokyo 7th District) of the National Land Agency, established with the development of earthquake countermeasures as one of its objectives, was removed from duty as person in charge of earthquake countermeasures three days after the Great Kansai earthquake occurred. In his place, Sadatoshi Ozato, Hokkaido/Okinawa Development Agency director-general. Sadatoshi Ozato was immediately appointed as minister in charge of earthquake countermeasures. It was as if the commanding officer were replaced just as war broke out, a very humiliating experience. As for the reason for this action, Koichi Kato, LDP Policy Research Council chairman, remarked that "he lacked quickness."

But Kiyoshi Ozawa was not the only person in the government branded with ineptitude. The entire National Land Agency was so designated. Just as a daimyo [feudal lord] committed harakiri and his clan was abolished, arguments have begun being whispered that the National Land Agency should be abolished, or, at least, the Disaster Prevention Bureau of the Agency should be combined with the Fire Defense Agency of the Home Affairs Ministry.

The National Land Agency sent its first report on the earthquake at 0700 on 17 January. It was one hour and 14 minutes after the event. The prime minister had already learned about it through television reports and through reports from other ministries and agencies. Meantime, his secretaries were asking the National Land Agency for information.

Director-General Ozawa, without stopping at the Agency and gaining an understanding of the situation, attended the 1000 cabinet meeting. It was natural that the other cabinet members were appalled.

Nor did the Disaster Prevention Bureau of the National Land Agency have anyone on duty. At night, there was only one guard from a security company on duty. His responsibility was to call a senior officer on the telephone or on his beeper if information on an earthquake, faxed from the Meteorological Agency, indicated that it was higher than a five on the Japanese scale.

Duty Staff Person Was "Administrative Vice Minister During the Night"

A duty officer has to act temporarily as the supreme commander in an emergency. He serves as the "administrative vice minister during the night," who contacts the prime minister and others, gathers information, and gives and receives orders. The National Land Agency's approach is demonstrated by the fact that they left a duty requiring good judgment and quick wit to a guard. The Disaster Prevention Bureau consists of 37 staff members, mainly people who are detailed from the Construction Ministry and the Home Affairs Ministry. The head of the section concerned in the Agency admitted that there was no reason why they could not have rotated two-person duty officer teams, whose turn would come twice a month, to man the office every night. But he lacked a sense of crisis to the extent that he asked, "why is it an issue that we have no duty officer?"

One of the reasons for this is that leadership for fire defense by local governments, which are the main entities for dealing with disasters, is left to the Fire Defense Agency in the Home Affairs Ministry. A division of labor is made so that the National Land Agency coordinates the central government ministries and agencies, and the Fire Defense Agency is responsible for dealing with local governments.

The Fire Defense Agency (with a staff of 97 in the home office), where even the civilian officials wear uniforms in the office and duty officers are assigned, is prepared to respond to emergencies. In the Prime Minister's Office, there is a Councilors' Office on Internal Affairs (47 people), which is the administrative entity for supporting a cabinet level emergency countermeasures headquarters. The National Land Agency's Disaster Prevention Bureau is, in fact, merely an administrative office for an emergency countermeasures headquarters at the level of section heads from each of the ministries.

Before the National Land Agency was established in 1974, there was a Disaster Counter-measures Office in the Prime Minister's Office, and this Office coordinated the Fire Defense Bureau, National Police Agency, Defense Agency, and so on.

Because there were calls for crisis management in preparation for a possible Tokai Region earthquake and a second Great Kanto Earthquake, the National Land Agency Disaster Prevention Bureau was inaugurated. Today, the National Land Agency, the Fire Defense Agency, and the Cabinet Councilors' Office for Internal Affairs share authority horizontally. Thus, they could not initially provide a unified command or organizational arrangements.

Even in the United States, where local autonomy is traditionally strong, the Federal Emergency Management Agency (FEMA) was established in 1979 and placed directly under White House command. This agency is staffed with about 2,700 personnel at 10 local offices, and is in charge of coordinating and directing federal departments and agencies and local governments in disaster countermeasures. Not only dealing with natural disasters, but also "securing the continuity of government" in the event of an emergency situation which affects national security (war) is also included among its duties.

The Fire Defense Agency and National Fire Defense Institute and the Federal Insurance Agency also belong to FEMA, provide guidance and training on disaster prevention plans, and fulfill a broad range of duties, including dealing both with on-going disasters and recovery from them. Its budget is $788 million for 1994. It provides funds for as many as 149 disaster-prevention measures and controls the Presidential Disaster Aid Fund. Thus, its authority is strong. Director James Witt talked with President Clinton on the phone 15 minutes after the Los Angeles earthquake (death toll 61) occurred at 4:30 A.M. on 17 January last year. This is quite a contrast to the performance of the National Land Agency.

The National Land Agency Disaster Prevention Bureau did not seem to have any desire to learn from other countries either. The only material it had on FEMA was a 20-line document it received from the Foreign Ministry on the 19th, which was after the Great Kansai Earthquake had struck. The Bureau did not know FEMA's address or its telephone number.

The Defense Agency was criticized by those asking "why could it not send a large number of Self-Defense Forces in sooner?" It responds that "even if the Self-Defense Law is revised and troops can be mobilized without waiting for a governor's request, if we were to send in troops without coordinating with other ministries, agencies, and local authorities, it would be chaotic as to where they should go and what they should do. Rather than revising the law, it is more necessary to hold joint training with a centralized coordinating organization. The response to a disaster fundamentally involves fire defense work, so it would be more appropriate that the Fire Defense Agency take the lead and that the police and Self-Defense Forces provide help by utilizing their unique capabilities." Since the centralization of the emergency response to a large-scale disaster is also being discussed in the Diet, the fate of the National Land Agency Disaster Prevention Bureau seems to be that the Bureau is approaching its end. [passage omitted]

Official on Improving Crisis Management

OW0402124895 Tokyo YOMIURI SHIMBUN in Japanese 3 Feb 95 Morning Edition p 2

["Exclusive" interview with Deputy Chief Cabinet Secretary Nobuo Ishihara by reporters Toshiki Kawakuchi and Mitsuyoshi Ikeda; place and date not given—first paragraph is YOMIURI SHIMBUN introduction]

[FBIS Translated Text] Deputy Chief Cabinet Secretary Nobuo Ishihara, who is working on strengthening the government's "crisis management" system in the wake of the great Hanshin earthquake (earthquake in southern Hyogo Prefecture), has granted an exclusive interview to YOMIURI SHIMBUN. In this exclusive interview, Ishihara indicated that the crisis management system will be revamped in a way in which the prime minister will receive information on disasters directly from municipal governments, not through prefectural governments. He has also stressed the need to make the Self-Defense Forces [SDF], the National Police Agency, and the Fire Defense Agency function as an "emergency rescue unit."

[YOMIURI SHIMBUN] What lessons has the government learned from the great Hanshin earthquake?

[Ishihara] As of the morning of 17 January, when the great Hanshin earthquake occurred, the government presumed that the earthquake had caused substantial damage. The government, however, failed to realize the extent of the damage. The government should search its soul over this failure. We are studying why the government failed to obtain an accurate understanding of the extent of the damage. The primary reason for the failure was that officials themselves in Hyogo Prefecture and Kobe city were affected by the damage, and they were unable to respond quickly to the earthquake. We received no information from Kobe city and from the fire-fighting organization in that city through Hyogo Prefecture. One of the lessons we have learned is that offices in charge of dealing with disasters within prefectural and municipal governments need to equip themselves with radio equipment that will enable them to keep the central government informed of any disasters. In other words, a system must be created whereby prefectural and municipal governments without fail will provide the central government with information on disasters.

[YOMIURI SHIMBUN] You are now heading a project team. How is the team going to revamp the current crisis management system?

[Ishihara] Strengthening the functions of the Cabinet Information Research Office is being considered. The office receives around the clock political, economic, and military information about the world. The office, however, is not mandated to deal with disasters. We are considering creating a system whereby information on disasters, which the National Land Agency receives, will be transmitted immediately to the prime minister, the chief cabinet secretary, and me through the Cabinet Information Research Office.

[YOMIURI SHIMBUN) How do municipal governments supply the Cabinet Information Research Office with information on disasters?

[Ishihara] At this point, there is no such mechanism. We are going to create it. We will probably create a mechanism whereby information on disasters will be supplied to the Cabinet Information Research Office via the Fire Defense Agency, the SDF, and the National Police Agency. Information on disasters will be supplied to the Disaster Prevention Bureau of the National Land Agency as in the past, but the information will also be provided to the prime minister's official residence via the Cabinet Information Research Office. We are considering creating a two-tier mechanism whereby information on fires in major cities will be supplied to the Fire Defense Agency via prefectural governments, and at the same time, it will be supplied directly to the Fire Defense Agency. If Kobe city had had any information-supplying mechanism with which it could have sent information on earthquake-caused disasters to the Fire Defense Agency, the government would have responded quickly to the disaster. We intend to make the Fire Defense Agency relay immediately the information to the prime minister's official residence.

[YOMIURI SHIMBUN] Will the number of officials in charge of disasters be increased to improve the current crisis management system?

[Ishihara] The number of officials will not be increased. We are considering sending experts to the Fire Defense Agency and the National Police Agency if the situation in the two agencies permits it.

[YOMIURI SHIMBUN] The head of the U.S. Federal Emergency Management Agency (FEMA) has visited Japan. What advice has he given?

[Ishihara] He has given advice on how to carry out activities for emergency rescues in disaster areas. Japan should study ways to carry out those activities. The United States has launched massive rescue and relief activities immediately after disasters have occurred. Japan has to learn this point.

[YOMIURI SHIMBUN] What specifically are you going to do?

[Ishihara] The FEMA has an emergency rescue unit, and we want to have such a unit. The creation of such a unit, however, will increase the people's tax burden. I believe that some will argue for creating that unit with members from the SDF, the Fire Defense Agency, and the National Police Agency. My opinion, however, is that the Fire Defense Agency and the National Police Agency will not go along with that argument.

Our nation has organizations such as the SDF, the National Police Agency, and the Fire Defense Agency. My view is that our nation will be able to use the three organizations flexibly to deal with disasters. The simplest way is either to ask the people to bear higher taxes to increase the number of officials in charge of disasters, or for organizations to second their officials to a new organization charged with dealing with disasters. Another way is to use the PKO (UN peacekeeping operations) formula. A certain number of members from various organizations would be trained to improve the skills necessary to deal with disasters.

[YOMIURI SHIMBUN] Who will take charge of organizing and training them?

[Ishihara] The chief of the Disaster Prevention Bureau of the National Land Agency. The prime minister's official residence cannot directly take charge of organizing and training them.

Second FY94 Supplementary Budget Outlined

OW0502141795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 Feb 95 Morning Edition p 1

[FBIS Translated Text] As the first fiscal step to reconstruct areas hit by the great Hanshin earthquake, the government and ruling coalition parties have firmed up an outline for the second supplementary budget for FY94. The government and ruling coalition parties plan to incorporate urgently needed expenditures as much as possible in the second supplementary budget. Total expenditures for the reconstruction of public facilities, including roads, are expected to exceed 500 billion yen. Construction bonds will be issued to secure financial resources to fund public works projects and other public facilities, and deficit bonds will be issued to make up for a shortfall in tax revenues and to pay condolence and solace money to victims and families of the dead. It is necessary to determine the extend of damages to port facilities and reexamine earthquake-proof designs. Emergency outlays for repairing damaged buildings will be included in the second supplementary budget. The government and ruling coalition parties plan to include expenditures for the full-fledged reconstruction of areas hit by the earthquake in the first supplementary budget for FY95. About 100 billion yen will be appropriated in the second supplementary budget to cover the condolence and solace money, supply temporary housing, demolish half-destroyed houses, and transport and dispose of rubble.

Construction bonds will be issued to secure financial resource to fund public works projects. Most of the 90 billion yen of unused reserve funds in the FY94 budget will be used to cover other ordinary expenditures, although this amount will fall short of doing so. It remains unclear whether tax revenues will cover the first supplementary budget for FY94. A shortfall of about 500 billion yen in tax revenues will unquestionably occur because of stagnant economic activity in areas hit by the earthquake and tax breaks for earthquake victims. It is necessary to make up for the shortfall.

Faced with this situation, the Finance Ministry has concluded that the government will have to issue deficit bonds. The deficit bonds will be issued for the first time in five years for purposes other than offsetting the fall in revenues arising from income tax cuts. The ruling coalition parties plan to approve the deficit bonds. The amount of deficit bonds to be issued is estimated to be 400-500 billion yen, while that of construction bonds is estimated to amount to more than 400 billion yen. In this way, a total of one trillion yen will be raised by issuing both deficit and construction bonds.

With a budget bill for FY95 expected to pass in the House of Representatives on 21 February, the ruling coalition parties plan to submit the second supplementary budget bill for FY94 to the Diet on 22 February.

The Finance Ministry has been saying that even if it speeds up the work of compiling the second supplementary budget bill, it will be unable to finish the work before 24 February. If the bill is submitted to the Diet on 22 February, it will be passed in the Diet within February. But if the bill is submitted to the Diet on 24 February, it will be passed in the Diet in early March.

FY95 Budget Approval 'Certain' by End of March

OW0402081595 Tokyo KYODO in English 0739 GMT 4 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 4 KYODO—The 1995 fiscal budget is almost certain to be enacted by the end of March, with the cooperation of the main opposition Shinshinto (New Frontier Party), political sources said Saturday [4 February]. They said ruling and opposition parties have agreed to hold public hearings on the bill Wednesday and Thursday.

The sources said the 70.99 trillion yen program will be sent to the House of Councillors no later than Feb. 28, paving the way for its enactment before the new fiscal year starts April 1.

The powerful House of Representatives is scheduled to begin Monday discussions on a fiscal 1994 supplementary budget. It will incorporate subsidies to farmers to ease the impact of the market opening under the agreements of the Uruguay round of global trade negotiations concluded in December 1993. The government also plans to submit to the Lower House Feb. 24 another supplementary budget designed to finance rehabilitation projects in the Osaka-Kobe region, where a massive quake caused havoc Jan. 17.

The sources said the ruling and opposition parties have yet to reach agreement on whether the fiscal 1995 main budget or the rehabilitation program should be given voting priority in the Lower House. They said the first supplementary budget is expected to be enacted Thursday following deliberations in both houses starting Monday.

'Considerably Large' Extra Budget Pledged

OW0602122595 Tokyo KYODO in English 1210 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—The top government spokesman pledged Monday [6 February] that the government will compile a "considerably large" supplementary budget for fiscal 1995 to finance expenditures for reconstructing quake-ravaged Kobe and surrounding areas.

"The size of the fiscal 1995 supplementary budget will be considerably large. We will make it a bold, powerful one," Chief Cabinet Secretary Kozo Igarashi was quoted by government officials as telling a labor leader.

Igarashi made the comments in reply to a request by Etsuya Washio, chief of the Secretariat of the eight million-strong Japanese Trade Union Confederation (Rengo), to spend some 10 trillion yen in the extra budget.

Igarashi did not elaborate on the actual size of the supplementary budget the government has in mind, they said. The government plans to compile at least one supplementary budget in fiscal 1995 after the Diet passes the regular fiscal 1995 budget.

A second budget supplementary to the fiscal 1994 budget now under study is designed to cover a relatively limited immediate outlay to help the victims of the temblor and clear up the ruins of the devastation.

The fiscal 1995 supplementary budget is widely expected to become a chief fiscal pillar in helping people reconstruct the pummeled areas and rehabilitate themselves.

Igarashi told the labor union leader that the government plans to submit speedily to the Diet a bill spelling out the basic policies of the government for reconstructing the affected areas.

Washio in return urged the government to float "reconstruction bonds"—a special bond carrying more favorable terms that would meet special needs for reconstruction—to finance the upcoming fiscal 1995 supplementary budget.

He also requested that the government sharply cut income tax for the affected people or completely exempt them from it.

Igarashi has remained noncommittal on these issues.

Meanwhile, the Finance Ministry decided to partially freeze the disbursement of the fiscal 1995 regular state budget to raise some revenues needed to finance reconstruction-related outlays, ministry officials said.

In line with this decision, the ministry will urge other ministries and agencies to whittle down their administrative expenditures projected in their respective budget outlays for fiscal 1995 "by more than 10 percent," they said.

Such conservation efforts, combined with efforts to pare down subsidies to farmers to be hit by rice import liberalization and squeeze foreign aid, will bring about an extra revenue of "several hundreds of billion of yen" that could be diverted to reconstruction-related needs, they said.

The ministry annually asks government agencies to hold down their budgetary expenditures as each fiscal year reaches the half-way point.

However, this year's request would mark the first time in four years that the ministry decided to urge other ministries to pare down expenditures at the onset or even before the start of a new fiscal year. Japan's fiscal year starts in April 1.

In 1991, the ministry made a similar demand to other ministries and agencies in the face of the need to contribute to help finance a part of the U.S.-led multilateral forces' expenditures for the Gulf war.

Murayama's Post-Quake Standing Examined

OW0502140895 Tokyo MAINICHI SHIMBUN in Japanese 5 Feb 95 Morning Edition p 2

[Unattributed article: "Flip-Flop in Prime Minister's Remarks"]

[FBIS Translated Text] Political circles are paying attention to how Prime Minister Murayama is feeling at a time when his government is under attack for failing to quickly deal with the great Hanshin earthquake (the earthquake in southern Hyogo Prefecture). While at a Diet session, the president of the New Frontier Party [NFP] tried to hold the prime minister responsible for his government's failure to quickly respond to the earthquake, and a flip-flop has now been observed in the prime minister's recent remarks. It seems that his remarks are mixed with subtle revelations of his intention to resign and his resolve to remain in office. Although the prime minister is saying, "I am now concentrating my attention on how to rebuild areas hit by the earthquake," both the ruling and opposition parties, in being mindful of the prime minister's responsibility, are incessantly maneuvering to bend the political situation in their favor while showing signs of a war of nerves.

Rumors of Resignation

On 24 January, when the death toll of the earthquake exceeded 5,000, a reporter asked a fatigued prime minister, "Are you all right?" Answering the question, the prime minister said, "I will have to work hard bearing in mind the fact that as many as 5,000 people died in the earthquake." An aide to the prime minister has acknowledged that the prime minister was fatigued for about one week starting on 19 January, when the prime minister toured quake-hit areas. Before and after he toured the areas, rumors were spread that "the prime minister may think about resigning, to take responsibility, at the stage in which initial measures are taken to rebuild the quake-hit areas" (according a senior NFP member).

What reinforces the rumors occurred on 25 January. When several lawmakers affiliated with the NFP called on the prime minister that day to hand the latter a collection of signatures demanding his resignation as prime minister, the prime minister said, "I hope you will collect more and more signatures." Although the prime minister himself later denied making the remark, the NFP lawmakers confirmed his statement. This episode shows how the prime minister's mental state has been unstable.

In the Diet, the prime minister nodded with his eyes closed when the prime minister's official residence was criticized for being too optimistic about the crisis management, and he said, "I am terribly sorry." His remarks and behavior revealed signs that he was thinking of stepping down as prime minister, thereby reinforcing the rumors of his imminent resignation.

Rumors of Resolve To Remain in Office

Some take the view that the prime minister is resolved to remain in office and run his government. Construction Minister Koken Nosaka, a confident of the prime minister, said: "The prime minister cheered me up, saying 'I hope you will work hard' when I met him on 30 January. The prime minister is a man of tenacious character."

Asked by a reporter on 2 February to comment on his frequent remarks admitting his maladministration, the prime minister refuted the question by saying, "I have not made any remarks to that effect." Recently, he expressed his enthusiasm for making an early visit to China.

In late January, the prime minister uncharacteristically showed nerviness when he skirted questions posed by a group of reporters, saying, "You should not publish what you overhead." But, the next day, his attitude toward reporters had returned to normal. He seemed concerned about the story that "if a prime minister skirts questions posed by a group of reporters, this is a sign that his government is nearing its end." During the Diet session, the prime minister revised every day a "list of bureaucrat-prepared answers" with the help of his aides.

Aides to the prime minister are worried about his health and physical strength. The prime minister, who recently received a massage at the urging of Chief Cabinet Secretary Kozo Igarashi, said to his aides, "I had a good sleep for the first time in many weeks."

Doubts

The prime minister's every move has raised doubts because the ruling and opposition parties have had differing intentions. The NFP, which is eager to hold the government responsible for failing to quickly respond to the earthquake, finds it hard to introduce in the Diet a no-confidence motion against the Murayama cabinet at a time when the reconstruction of quake-hit areas is under way. For this reason, "rumors are spreading that the prime minister will voluntarily resign to take responsibility" (says a senior member of the Liberal Democratic Party [LDP]).

Kabun Muto, chairman of the LDP's Policy Research Council, has recently criticized the government for failing to deal quickly with the earthquake. Under a scenario that is whispered, if Prime Minister Murayama resigns, the LDP would then drive the political situation to the point where it would form a single-party government and the lower house elections and local unified elections would be held simultaneously this spring.

Although the New Democratic League within the Social Democratic Party of Japan [SDPJ] has temporally suspended its moves to form a new party, it is utterly unclear how the feud within the SDPJ will develop in the future. The prime minister's resignation may affect the very existence of the SDPJ. The prime minister therefore has since the Hanshin earthquake declined to comment on the intraparty feud by simply saying, "This is not the time to comment on that."

Political Writer Views Outlook for Murayama

OW0602095095 Tokyo EKONOMISUTO in Japanese 14 Feb 95 p 20

[Article by Takeshi Nishiyama, deputy political editor of MAINICHI SHIMBUN: "Anything Can Happen in April"]

[FBIS Translated Text] **Close Resemblance to the Situation Before Hosokawa's Resignation**

Amid increasing criticism of the government's initial response to the great Hanshin earthquake, the question of whether or not Prime Minister Tomiichi Murayama should remain in his job has become a burning issue.

The speculation arose from an incident on 24 January, when Seiichi Ota, Chinpei Nozue and other members of the New Frontier Party [NFP] confronted the prime minister and asked him to resign, based on a petition for which they had collected signatures [from Diet members]. Murayama said at the time: "Go on ahead (with the signature campaign)."

Later, the prime minister adamantly denied the remark, saying: "There is no reason why I should say anything like that."

However, speculation that "the prime minister may have decided to resign" spread instantly.

Such speculation originated from members of the NFP, the archrival of the ruling parties, and thus, there is no way to tell how true it is. However, it must be remembered that former Prime Minister Morihiro Hosokawa, who was in a tight spot over the Sagawa Kyubin scandal last year, had dinner with Niin Club upper house member Yutaka Shimomura (comedian Columbia Top) and a number of other politicians on the evening of 5 April, and in the course of dinner, revealed that he "wanted to resign." Although Hosokawa later denied the statement, he announced his resignation three days later.

Since the Hosokawa case bears a close resemblance to the recent Murayama "remark," the eyes of all political observers are now on how the prime minister and how he will take responsibility [for an alleged inadequate response in dealing with the earthquake].

A member of the Social Democratic Party of Japan's [SDPJ] Central Executive Committee admitted: "It is true that the prime minister is under tremendous psychological pressure."

After Murayama told the lower house special deliberation on the Hanshin earthquake that the "steps taken by the government were the best possible," the NFP launched an all-out attack on the inadequacy of the Murayama administration's crisis management system. Subsequently, the prime minister has indeed been on the defensive all the time, admitting he needs to "reflect in all modesty," and promising "he will correct what needs to be corrected."

As far as the delay in mobilizing the Self-Defense Forces [SDF] is concerned, the criticism has come not only from the opposition. Even former Deputy Prime Minister Michio Watanabe and the LDP Vice President Keizo Obuchi have voiced criticism, saying in effect that "the indirect cause is that the cabinet is led by the SDPJ."

Although the earthquake occurred early in the morning of 17 January, it was not until 1000 that the governor of Hyogo Prefecture requested the mobilization of the SDF. Prior to that, there had been no attempt by either the prime minister or Chief Cabinet Secretary Kozo Igarashi to sound out the Defense Agency about mobilizing the SDF. It can certainly be argued that "the existing system does not allow the prime minister's office to request mobilization." However, the prime minister, as supreme commander of the SDF, cannot avoid a substantial share of the blame.

Furthermore, there were objections to the crown prince and princess's visit to the Middle East after the earthquake. The "psychological pressure on the prime minister" is, therefore, understandable.

The NFP has been cooperating with the administration to pass the FY 95 budget, and public hearings, which are required for the budget bill to pass the lower house Budget Committee, have been set for 8 and 9 February. The FY 95 budget will probably pass the lower house by mid-February. This will be the first time in 39 years that the budget will have been passed by the lower house in February. By mid-March, the budget will probably be enacted by the Diet. During this period it will also deliberate on emergency legislation to deal with reconstruction following the earthquake.

Although this might appear to be a favorable working environment for the Murayama cabinet, the political arena may enter a period of "upheaval" as the cabinet fulfills its immediate tasks.

A senior SDPJ official says that "there will be no resignation in March." However, this can also be taken to mean anything might happen from April.

Simultaneous local elections will be held in April. As a result of the upheaval over the dissident New Democratic League, the SDPJ is reported to be facing tough fights at prefectural level elections. The prime minister may face the double burden of the earthquake disaster and the local elections.

Kenichi Omae To Run for Tokyo Governor

OW0502115895 Tokyo KYODO in English 1019 GMT 5 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO—Politically active economist Kenichi Omae on Sunday [5 February] announced his intention to run as an independent candidate in the Tokyo gubernatorial election scheduled for April.

Omae, 51, who leads an independent political organization "Heisei Ishin No Kai," told a press conference he has decided to run in the election to break the current concentration of power in the central government and establish "real local autonomy."

"I have decided that I should take the initiative for changing Tokyo by running in the gubernatorial election," he said.

A vocal advocate of radical political and administrative reforms, Omae has been active in nonpartisan political movements.

He said he will create a federation of governors nationwide to achieve a wider range of local autonomy covering areas with populations of five to 20 million as the first step toward a system of a federation of states as he has proposed.

Omae, a graduate of Waseda University's Science and Engineering Department, served as chairman of the business consultant company McKinsey and Co. Japan until July 1994.

In a separate move, a group of citizens who are supporting Tetsundo Iwakuni, the mayor of Izumo, Shimane Prefecture in western Japan, as a candidate in the Tokyo gubernatorial election held a rally in Tokyo on Sunday.

They plan to visit the mayor's office in Izumo on Tuesday with signatures of some 37,000 supporters to urge him to run in the election.

The Iwakuni supporters hope to collect 100,000 signatures by the end of February.

Article Hopes for Takemura as Foreign Minister

OW0502055095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Feb 95 Evening Edition p 3

[Article by Hisaki Ina, NIHON KEIZAI SHIMBUN editorial staff member: "Multiple Views: Laying Hope on 'Foreign Minister' Takemura"]

[FBIS Translated Text] I once wrote in the "Wind Vane" column of the morning edition of NIHON KEIZAI SHIMBUN an article entitled "Hoping To See 'Ozawa Become Foreign Minister.'" I have found another politician whom I would like to see become foreign minister. This person is Finance Minister Masayoshi Takemura. An article (from the 21 January morning edition of ASAHI SHIMBUN) was my inspiration for hoping that Takemura would become a foreign minister. The article said that a portion of Prime Minister Murayama's draft policy speech on Japan's bid to become a permanent member of the UN Security Council was deleted due to Takemura's cautious view. I confirmed this matter with concerned people and found out that the article was essentially true.

According to the article, Takemura was in a rivalry with Yohei Kono, deputy prime minister and concurrently foreign minister. The views of Takemura and Kono were very close until around August last year. Why did they become different? The reason is simple. Foreign Minister Kono studied the issue and Takemura, who became finance minister, probably did not have time to do so.

The cautious view did not succumb to power but was defeated in terms of theory; you will understand the reason for this if you look back on the Murayama administration's process of changing its course. Regarding this issue, it has often been pointed out that the Ministry of Foreign Affairs [MOFA] "does not cooperate with other ministries." Fortunately or not, however, there is no strongman in the MOFA who can control the leaders of the three coalition parties.

The cautious view was based on a precondition that permanent UNSC membership meant that Japan would make military contributions. However, it was pointed out that the United Nations Charter has no obligatory clause which treats permanent and non-permanent member nations differently in military fields or peacekeeping operations (PKO). Therefore, the aforesaid theory was refuted.

People who were of the cautious view could have argued back by saying: "It may be so as far as the United Nations Charter is concerned. But, the reality is..." Then, people who were of the realistic view would have argued back, saying: "Regardless of whether Japan becomes a permanent member of the UNSC, there is a possibility that we will be asked to shoulder heavier financial burdens or to participate in PKO. If this is the case, we had better become a permanent member so that, at least, we will have the right to speak."

Such an argument will eventually lead us to a somewhat emotional view that "we just do not want it because we do not like it." The other day, I encountered several interesting discussions at a symposium held on the PKO at United Nations College in Shibuya, Tokyo.

One of them is a question addressed to a female Thai diplomat. A questioner said: "As an Asian, what do you think of Japan's participation in the UN Peacekeeping Forces (PKF)?" It seems that the questioner thought that the PKF was automatically accompanied by military activities. However, the diplomat did not think that way, so that her response was not exactly an answer to the question.

Another questioner asked: "PKO will be a main task of the Security Council in the future. Therefore, it is better to allow Canada and Sweden, which are enthusiastic about the PKO, to become permanent members of the UNSC." What impressed me was an answer by a Canadian diplomat. He admonishingly said: "Permanent members of the UNSC are required to be able to do many things."

There is no legitimate reason to conclude that Takemura held a sentimental view. However, it seems that Takemura, if what the article said was true, was trying to shape the tenor of Prime Minister Murayama's policy speech, which was made in September last year, so that it would "recede" to that of a speech [former] Prime Minister Hosokawa made at the United Nations last September. It would seem to be an unreasonable and emotional act for Japan to withdraw its publicly-announced candidacy for permanent UNSC membership and return to the same state that existed before making the original bid.

Nevertheless, why "Foreign Minister Takemura?" First, as demonstrated over the UNSC membership issue, Takemura is persevering. He did not back up even a step when he had a heated argument with Ichiro Ozawa. Such a characteristic can be a precious resource for Japanese diplomacy.

Second, Takemura advocates the idea of making Japan a "small country." He says that Japan should not become a major military power. The idea itself is appropriate. But, following the great Hanshin earthquake, the Japanese people are likely to become interested only in domestic matters. With this in the background, there is a danger that isolationists may take advantage of the situation. It is certain that Japan, if it cares about nothing but domestic matters, will not be able to survive in this world, at least in terms of economics. The best way is for the advocate to become a foreign minister and study and change his image.

Third, it is said that, fortunately, Takemura is a person who listens to the opinions of his subordinates. As a leader of Harbinger, which calls for administrative reform, Takemura announced a bold plan designed get rid of some special public corporations under the jurisdiction of the Finance Ministry. However, we have been deceived in this expectation as far as the interim report on administrative reform is concerned.

Mr. Murayama, please appoint Takemura as foreign minister when you reshuffle the cabinet.

Gubernatorial, Mayoral Election Results Reported

OW0502133595 Tokyo KYODO in English 1305 GMT 5 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO—Former House of Representatives lawmaker Morio Kimura, supported by the opposition Shinshinto (New Frontier Party), defeated incumbent Masaya Kitamura by a narrow margin Sunday [5 February] in the gubernatorial election in northern Aomori Prefecture.

Kimura, 57, also supported by Komei, nosed out Kitamura, 78, who had sought his fifth four-year term with the support of the Liberal Democratic Party (LDP).

In other gubernatorial and mayoral elections, incumbents won easy victories.

Kimura also defeated the other two candidates, Yumiko Oshita, a 58-year-old civil group leader supported by the Social Democratic Party (SDP) [of Japan—SDPJ], and Yoko Nishiwaki, a 51-year-old doctor supported by the Japanese Communist Party (JCP).

With 99 percent of votes counted, Kimura garnered 323,928 votes, while Kitamuara collected 297,761 votes, Election Commission officials said.

It was the first gubernatorial election in which the two major conservative parties, the LDP and Shinshinto, had battled each other since the opposition Shinshinto was established in early December.

Support from a wide range of industry and business organizations, traditional LDP supporters, proved insufficient to help Kitamura with his bid for a fifth four-year term, while Kimura convinced the voters of the need to rejuvenate the prefectural government.

In Aichi Prefecture, central Japan, Gov. Reiji Suzuki brushed aside two candidates to be elected for his fourth term.

The 66-year-old Suzuki, supported by the LDP, Shinshinto, the SDP and Komei, defeated by large margins Osamu Tokuda, a 63-year-old doctor supported by the JCP, and Tsuyoshi Makino, a 49-year-old cram school teacher supported by Goken Liberal.

It was an easy win for Suzuki, who urged the voters to give him another mandate to continue his programs, including the construction of a new international airport in central Japan.

In Kumamoto Prefecture on Japan's main southern island of Kyushu, Gov. Joji Fukushima, 67, supported by the LDP, Shinshinto, the SDP and New Party Sakigake [Harbinger], overwhelmed the JCP-supported Tadashi Kunimune, 64.

Fukushima, who was elected for a second tenure, pledged in the election campaign to solve the issue of Minamata disease, a disease of the central nervous system caused by industrial discharges, and establish high-speed traffic networks.

In Hiroshima, Mayor Takashi Hiraoka, 67, defeated two candidates for the second term with the support of the LDP, Shinshinto, the SDP and Komei.

Kitakyushu Mayor Koichi Sueyoshi, 60, also faced no serious threat to his bid for a third four-year term.

Supported by the LDP, Shinshinto, the SDP and Sakigake, Sueyoshi triumphed over the JCP-supported lawyer Kentoku Maeda, 38.

Postponing Elections in Quake Area Hinted

OW0502110795 Tokyo KYODO in English 0925 GMT 5 Feb 95

[FBIS Transcribed Text] Kobe, Feb. 5 KYODO—Home Affairs Minister Hiromu Nonaka said Sunday [5 February] special legislation would be needed to postpone the scheduled local elections in quake-devastated Hyogo Prefecture.

"If a postponement is necessary, we should consider enacting a special law," Nonaka said when he visited the Hyogo Prefectural Office in Kobe.

The election administration committees in the prefecture, where the damage from the Jan. 17 great Hanshin earthquake is concentrated, are studying whether the scheduled spring local elections can be held.

Many of the buildings usually used for balloting are either occupied as shelters for survivors or have been destroyed, committee members said.

Some 240,000 evacuees in the prefecture are still staying at shelters.

In Kobe, the hardest-hit city, 161 of the 339 facilities used for balloting in the gubernatorial election in October are being used as shelters and a further 46 are unusable due to quake damage, according to the Kobe City Election Administration Committee.

In the whole of Hyogo Prefecture, elections for 14 local government heads and for 44 local assemblies are scheduled in the spring.

North Korea

ROK Proposal for Talks on N-S Visits Denounced

SK0602051995 Pyongyang KCNA in English 0458 GMT 6 Feb 95

["Impudent Act Beyond Common Sense"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—The South Korean "minister of National Unification Board" in a "statement toward North" tried to interfere in the Pyongyang International Sports and Cultural Festival for Peace slated for April by crying for "meetings of separated families."

Branding this as an impudent act beyond common sense, a NODONG SINMUN analyst today says: The sponsor side is to decide on who should participate in the festival. So, the South Korean authorities who have nothing to do with the festival are not in a position to choose persons to be sent to it.

The newly-appointed "minister of National Unification Board" of South Korea, Kim Tok, let the vice-minister release a "statement" refusing a recent important proposal of the North for a grand reunification festival and a grand national conference on the occasion of the 50th anniversary of the national liberation. And this time he tried to meddle in the Pyongyang festival, saying this or that on it. Judging from this, he is trying to apply to the inter-Korean relations his bad habit of poking his nose into a hundred and one matters, the habit which he picked up as the boss of the "Agency for National Security Planning".

It is ridiculous of him to think that such an impudent and obtrusive act will work with the North.

As far as the invitation of persons to the festival is concerned, we, the host, will make public our stand at a time we think fit.

If the South Korean authorities want to do something for the inter-Korean relations, they would be well advised to stop obstructing the realisation of the proposal for the holding of a grand reunification festival and a grand national conference on the 50th anniversary of the national liberation advanced at a joint meeting of the political parties and organisations in the North, instead of talking nonsense about the matter of participation in the festival.

As for the "talks between high-level authorities" of the North and South which he suggested in his "statement", the South Korean authorities must do things for the creation of an atmosphere for the talks. They must apologize for their anti-national, anti-ethical criminal act in bringing the inter-Korean relations which had taken a turn in favor of dialogue and reunification with the North-South top-level talks at hand last year, to the worst phase by committing rude provocations over the misfortune of the dialogue partner, far from expressing condolences. At the same time, they must take a step to abolish the "National Security Law," the notorious anti-reunification law which is one of the biggest obstacles to the inter-Korean dialogue and reunification. However loudly they may cry for the "participation," "news coverage," "travel" and "talks" without taking these measures, it will be an empty talk.

We urge the South Korean authorities once again to do things helpful for the reunification from a true stand for the nation, instead of obstructing reunification by indiscreetly poking their nose into things not concerned with them.

Organization Heads Contact ROK Counterparts

SK0302150795 Pyongyang KCNA in English 1502 GMT 3 Feb 95

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA)—Prof. and Dr. Chon Yong-yol, director of the Institute of History of the Korean Academy of Social Sciences, today sent a letter to An Pyong-uk, chairman of South Korea's Institute of Korean History, calling for a contact between representatives of the two organizations.

Proposing an early meeting at Panmunjom or any other place convenient to the Institute of Korean History of South Korea, Chon Yong-yol hoped for an affirmative response.

He said it would be an epoch-making event in the five-decade-long history of our nation's reunification movement that the compatriots in the North, the South and overseas have a grand joint festival of the nation for reunification on August 15 this year, the 50th anniversary of national liberation.

He expressed the belief that the historians in the South will make efforts for the unity and reunification of the nation as makers of the history of reunification before being observers of history.

[Pyongyang KCNA in English at 1505 GMT on 3 February reports that "Kang Kwan-son, secretary of the Central Committee of the Korean Democratic Women's Union, today sent a letter to Han Myong-suk, Yi Yong-suk and Yi Mi-hyang, co-chairmen of South Korea's Federation of Women's Organisations, calling for a contact between women in the North and the South."

[At 1509 GMT, KCNA English reports that "Paek In-chun, chairman of the Central Committee of the General Federation of the Unions of Literature and Art of Korea, on February 3 sent a letter to Yom Mu-ung, director of the South Korean General Federation of National Artists, proposing to him to hold contact between men of literature and art in the North and the South."]

KDWU Proposes N-S Women's Groups Contacts

SK0302151095 Pyongyang KCNA in English 1505 GMT 3 Feb 95

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA)—Kang Kwan-son, secretary of the Central Committee of the Korean Democratic Women's Union [KDWU], today sent a letter to Han Myong-suk, Yi Yong-suk and Yi Mi-hyang, cochairmen of South Korea's Federation of Women's Organisations, calling for a contact between women in the North and the South.

Noting that to jointly celebrate August 15 on a nationwide scale is a common desire of the Korean women as well as the whole nation and to decide on the nation's common way of reunification is a task of the nation the fulfillment of which brooks no further delay, the letter said:

So, I am sending to you the appeal adopted at a joint meeting of the political parties and organizations in the DPRK calling for joint national celebrations of the 50th anniversary of the country's liberation and the convocation of a grand national conference, and propose an early contact between us at Panmunjom or any other place chosen by your federation.

Believing that your federation will agree to our patriotic proposal, I hope for a positive response from your federation.

Contacts Urged Between N-S Men of Literature

SK0302151595 Pyongyang KCNA in English 1509 GMT 3 Feb 95

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA)—Paek In-chun, chairman of the Central Committee of the General Federation of the Unions of Literature and Art of Korea, on February 3 sent a letter to Yom Mu-ung, director of the South Korean General Federation of National Artists, proposing to him to hold contact between men of literature and art in the North and the South.

Recalling that a joint meeting of political parties and public organisations of the Democratic People's Republic of Korea held on January 24 proposed that Koreans at home and abroad sit together on August 15 to jointly celebrate the 50th anniversary of the liberation of the country and hold a grand national conference for discussing and confirming the way of reunification common to the nation, the letter said:

This proposal reflects the common desire of us men of literature and art, too.

Hence, conveying the appeal of the political parties and public organisations in the North to you, I propose to you to have a contact between the representatives of the two organisations at Panmunjon or other convenient place at an early date.

Believing that the national artists of the South will respond to our patriotic proposal, I hope for an affirmative reply from your organisation.

Paper Criticizes Kim Yong-sam's 'Globalization'

SK0502081995 Pyongyang KCNA in English 0815 GMT 5 Feb 95

["Under Slogan of 'Globalization'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 5 (KCNA)—"Globalization" brought forward by the traitor Kim Yong-sam is an anti-democratic slogan to strengthen the system of fascist dictatorship for gratifying his wild ambition for prolonged power, declares NODONG SINMUN in a signed article today.

It says:

"Globalization" is nothing but a "new political slogan" to find a way out of the crisis. It is one more deceptive slogan following the advertisement of "civilian government" and "reforms".

The criminal acts of the Kim Yong-sam group are being brought into the light by the facts that it is reorganizing the fascist ruling system to reinforce it and resorting to a more conservative and reactionary politics under the slogan of "globalization".

The traitor Kim Yong-sam carried out "a sweeping cabinet reshuffle" and "reorganized the secretariat of Chongwadae [presidential offices]" under the pretext of forming "an effective and powerful government" to cope with "globalization".

The foundation of power formed of his faithful vassals of worst type and military conservative forces was designed to bridge over the crisis of the rule and maintain and prolong power by means of putting fresh muscles into the system of fascist dictatorship.

The traitor is framing a plot to tighten the one-man, one-party dictatorship in South Korea by reorganizing the "Democratic Liberal Party" under the cloak of building a new ruling party suited to the "trend of globalization".

To prolong his power, Kim Yong-sam recently ousted Kim Chong-pil, chairman of the "Democratic Liberal Party".

The Kim Yong-sam group, vociferating about "the era of localisation" corresponding to "globalization", announced that it would hold in June "elections to local autonomous bodies" which "will be the last task of democratisation" in South Korea. This is a deception and hypocrisy.

It is intended to round off his ruling system by forming even lowest ruling bodies with his underlings.

The criminal moves of the Kim Yong-sam traitor clique to readjust and reinforce the fascist dictatorship under the cloak of "globalization" will never be pardoned, warns the paper.

ROK Foreign Exchange Control Reform Criticized

SK0502030795 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 2 Feb 95

[Commentary by Kim Ho-sam: "The Reformation of the Foreign Exchange Control System Only Accelerates the Colonial Subordination of the South Korean Economy"]

[FBIS Translated Text] According to Seoul radio, South Korea adopted a draft to reform the foreign exchange control system and put it into practice on 1 February. The new system is allegedly to liberalize individuals' foreign exchange holdings to realize so- called globalization, upon which traitor Kim Yong-sam desperately relies. In other words, it allows individuals to hold foreign currencies without restrictions.

The Kim Yong-sam ring blared that it has taken this economic measure so South Korean enterprises can freely attract foreign funds at low interest rates and increase the so-called competitive strength among themselves, which is expected to result in overall economic rehabilitation toward the ultimate goal of globalization of the South Korean economy.

The South Korean puppets' expectation is a fantastic illusion that cannot come true. This is linked to the intrinsic demerits of the South Korean economy of colonial subordination. Generally speaking, a country with a subordinative economy, its master country's economic subsidiary, is incapable of guaranteeing self-reliant renovation of production. A country with an economy subordinate to another country cannot constantly renovate manufacturing with its own resources and funds. Particularly, this is even more difficult in today's situation, in which multinational enterprises are expanding their business lines like an octopus spreads its tentacles in the world market.

As everyone knows, monopolistic enterprises of Western countries, including the United States and Japan, control South Korea, deeply infiltrating not only its environs of production—such as manufacturing, circulation, exchange, and consumption—but, ultimately, its financial sector. Because of their subordination policy, South Korea's interest rates are, on the average, 3.5 times as high as those of advanced capitalist countries. Therefore, Western bank capitalists attempt to gain huge profits simply from the difference in interest rates by freely bringing their capital into South Korea.

According to information released only by the South Korean puppet authorities, beginning this year a total of from $14 billion to $20 billion foreign capital is expected to flow into South Korea a year. This will obviously result in a rapid inflation of currency in South Korea. The South Korean puppets also foresee that from 40 to 50 percent of the expected inflated currencies will be attributed to foreign capital rushing into the country.

The inflation of currency will increase the prices of raw materials and various other goods and influence the renovation of production, which will raise production costs. It is clear that this phenomena will eventually lower the international competitive strength of South Korean commodities and push them out of overseas markets. As a result, the export-oriented South Korean economy will worsen, and South Korea will face overall economic ruin.

Another factor of the critical aftermath of the Kim Yong-sam ring's reformation of the foreign exchange control system enacted since the beginning of the new year is that the new system will revaluate the South Korean won.

As everyone knows, the exchange rate is decided by demand and supply for the dollar in the foreign exchange market. The South Korean won has continuously been revaluated despite the huge current account deficit, which has lasted since late last year due to the South Korean puppet clique's nation-selling financial market opening policy. Because of this phenomena, the puppets suffered a great loss in their exports last year. Nevertheless, the Kim Yong-sam ring again undertook the measure of liberalizing foreign exchange, which will lead South Korea to suffer a greater loss.

It is clear that this phenomena will curb South Korean enterprises' business activities. According to information, even an revaluation of the South Korean won from only a $1 billion to $2 billion reduction in South Korea's exports to the United States would force many workers from manufacturing industrial sites because of a slump in manufacturing business, leaving from 50,000 to 100,000 workers jobless.

All these facts indicate that traitor Kim Yong-sam's reform of the foreign exchange control system under the cloak of globalization is a criminal act of literally extinguishing [somyol] the economy by leaving the South Korean economy in the hands of foreign monopolistic plutocrats.

The South Korean people must all rise up to deter and destroy [patan] the Kim Yong-sam clique's maneuver, which is treacherous to the country and the nation, to open the financial market.

U.S. Officials Support U.S.-North Agreement

SK0402015295 Pyongyang Korean Central Broadcasting Network in Korean 2115 GMT 3 Feb 95

[FBIS Translated Text] Voices demanding the implementation of the DPRK-U.S. agreed framework are resounding in the United States.

In his annual State of the Union message on 24 January, U.S. President Clinton proclaimed the agreed framework with North Korea excellent and said that the United States will continuously implement it since it requires consistent efforts. When Clinton concluded this statement, Democrats, presidential supporters, and some Republicans applauded.

While giving testimony on the DPRK-U.S. agreed framework at a hearing of the U.S. Senate Foreign Affairs Committee held that day, U.S. Secretary of State Christopher also noted that the agreement was the result of several months of diplomatic negotiations. He then explained in detail the rationale behind the DPRK-U.S. agreed framework and problems emerging in the course of its implementation.

Chairman of the U.S. Senate Energy Committee Murkowski said: In my opinion, Congress must not turn down what the administration committed in the agreement. It was the President who made the commitment.

The U.S. (Standen) Group President Brown said: Since an agreement has been reached between the United States and the DPRK, it is useful to realize it, rather than break it. U.S. companies will benefit greatly once the United States and the DPRK begin to cooperate with one another. It is wrong for the United States to prohibit the advance of U.S. companies into North Korea at a time when many foreign companies are trying to invest in and cooperate with North Korea.

Meanwhile, the U.S. paper THE WASHINGTON POST carried on 25 January a commentary entitled, "The DPRK Must Be Dealt With Rationally." Stressing that U.S. Republicans are aware of the unacceptably high cost of a break in the U.S.-DPRK agreed framework, the commentary noted: If the Clinton administration had stalled for time while pursuing sanctions on North Korea, it would have worsened the situation. Fortunately, however, diplomatic negotiations were held and an agreement was adopted. Republican senators say that, if they had held negotiations with North Korea, they would have brought about a better agreement. However, no one should now apply the brakes on the implementation of the agreement by expressing dissatisfaction and the like.

In the meantime, the Voice of America reported on 25 January: Two U.S. officials are now visiting Southeast Asian countries to seek these countries' support for the provision of light-water reactors to North Korea. Hubbard, U.S. deputy assistant secretary of state for East Asian and the Pacific Affairs, held talks in Singapore on 24 January. Prior to this, Hubbard visited Malaysia and Brunei. This is a part of Washington's efforts to obtain more funds and diplomatic support for implementing the agreement. In a news conference in Singapore, Hubbard stressed that the implementation of the U.S.-North Korean agreement will reduce the security threat in this region. He also stated that the United States will make further efforts to implement the U.S.-North Korean agreement on the nuclear issue.

Meanwhile, Deputy Secretary of State Talbott is visiting Northeast Asian countries, and Chief Ambassador Gallucci will also visit European countries.

As seen in the above, U.S. high-ranking officials and press are demanding the implementation of the DPRK-U.S. agreed framework.

KCNA on U.S. Officials' Comments

SK0402044195 Pyongyang KCNA in English 0432 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—Voices calling for the implementation of the DPRK-U.S. agreed framework are ringing out from the United States.

The U.S. President, Bill Clinton, said in the State of the Union Address on January 24 that the United States would continue to implement the accord concluded with North Korea. He contended that the agreed framework is excellent and it needs tireless efforts.

On the same day, U.S. Secretary of State Warren Christopher said in his testimony on the agreed framework at a hearing of the Senate Foreign Relations Committee that the agreed framework is the result of months of diplomacy and negotiation.

Chairman of the Senate Energy Committee Murkowski said: I consider that the Congress should not reverse the commitments made by the administration in the agreement. It is the President who made the commitments.

President of the Stanton Group Brown said: Since the agreement was reached between the United States and the DPRK, it is more beneficial to implement it than to destroy it.

Thomas Hubbard, deputy assistant secretary of State for East Asian and Pacific Affairs, told a press conference in Singapore that the implementation of the agreement adopted between the U.S. and the DPRK would help diminish the threat to security in this region. The United States will make further efforts to implement the nuclear accord with North Korea, he added.

In the meantime, WASHINGTON POST said that the implementation of the agreement must not be blocked in any case.

U.S. Annual Human Rights Report Cited on ROK

SK0402043895 Pyongyang KCNA in English
0434 GMT 4 Feb 95

["U.S. State Department on Human Rights Situation in S. Korea"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—The U.S. State Department noted in its annual report on human rights on February 1 that the "National Security Law" [NSL] remains in force and the labour movement is still restricted in South Korea, according to a radio report from Seoul.

Pointing out that in South Korea more than 200 people were arrested on charges of the violation of the NSL last year, the report said the figure was more than double the previous year's.

Five times as many workers as in 1993 were arrested last year "as third parties intervening in labor disputes," which is banned by the "labour-related law", and on other charges, the report said, adding that in that way the labour movement is still restricted.

Paper Warns Against Resumption of 'Team Spirit'

SK0402045295 Pyongyang KCNA in English
0441 GMT 4 Feb 95

["They Must Think Twice Before Resuming Team Spirit"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—Some military quarters of the United States must ponder over the possible consequences to be entailed by the Team Spirit war game, if they resumed it against the DPRK, ignoring the DPRK-U.S. accord, warns NODONG SINMUN today.

A high-placed official of the U.S. Defense Department recently told a Senate hearing that preparations were under way for resuming the Team Spirit joint military exercises this year, contending that the question of the military rehearsal was not mentioned in the DPRK-U.S. agreed framework.

This vividly shows that some military quarters of the United States are pursuing a sinister purpose with the outdated mode of thinking and confrontation concept, refusing to abandon the position of strength, notes the analyst, and continues:

Their scheme to resume this year the Team Spirit war game which they suspended last year is a very wrong act intended to spoil the atmosphere of detente on the Korean peninsula and lead the situation back to the extreme pitch of strain.

The DPRK and the United States are now in a warring state. The agreed framework between the two countries was adopted in this relationship. The implementation of the agreed framework would be unthinkable, if a belligerent party stage a massive military rehearsal against the other side.

The Team Spirit war game conflicts at every point with the spirit of the agreed framework. It stipulates in explicit terms that the United States provides formal assurances to the DPRK against the threat to the latter with nuclear weapons. This is a clear commitment of the United States to refraining from any form of nuclear threat to the DPRK within and without the Korean peninsula.

The Team Spirit war game is a test nuclear war staged by the United States with the mobilisation of huge nuclear Armed Forces for the purpose of nuclear threat to and nuclear attack on the DPRK. Therefore, it contradicts the U.S. assurances that it will not threaten the DPRK with nuclear weapons.

The strong arm may work on others, but never on the DPRK.

It is the unshakable stand and principle to answer confrontation with confrontation, dialogue with dialogue. Military threat is not useful to anyone.

Should some military quarters of the United States resume the Team Spirit war game, failing to look squarely into the reality, they will have to bear full responsibility for all the consequences arising therefrom.

U.S. State Department Delegation Departs 4 Feb

SK0402103995 Pyongyang KCNA in English
1035 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—A delegation of the U.S. State Department which arrived here on January 31 for the establishment of liaison offices under the framework agreement between the Democratic People's Republic of Korea and the United States, left here today by air.

Air War Exercises of U.S. 'Warmaniacs' Decried

SK0502081595 Pyongyang KCNA in English
0808 GMT 5 Feb 95

["War Games Against the North"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 5 (KCNA)—The U.S. imperialist warlikers and the South Korean puppets staged war exercises for increasing the combat capacity of joint air operation against the North on February 2 and 3, military sources said.

Massively hurled into the war games staged day and night with the skies above Sangdong, Anmyon Islet and Phyongchang of South Korea as the operational theatre were more than 40 overseas-based assault planes, pursuit-assault planes and commanding planes and above 370 fighter planes belonging to the U.S. Seventh Airforce and the puppet airforce.

The number of the planes of various types flown in the war exercises against the North in the two days totaled more than 820.

Meanwhile, the South Korean puppets ran about in war exercises, firing about 1,000 bullets and shells in the western and central sectors of the forefront with the mobilization of some 20 transport helicopters and helicopter gunboats, a heavy tank group, a 105mm artillery group and one hundred and scores of armed bandits.

And they brought armed bandits and tens of military vehicles fully loaded with heavy weapons and other death tools into several places of the Demilitarized Zone in the western, central and eastern sectors of the front to commit military provocations against the North.

This clearly proves that the U.S. imperialist warmaniacs and the Kim Yong-sam group are seeking only confrontation and war.

Paper: France 'Chieftain of Nuclear Proliferation'

SK0402101795 Pyongyang KCNA in English
1006 GMT 4 Feb 95

["France's Dangerous Nuclear Armament and Proliferation"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—France, at a recent United Nations session, groundlessly charged the Democratic People's Republic of Korea with "nuclear threat," motivated by an intention to balk at the implementation of the framework agreement between the DPRK and the United States, says NODONG SINMUN in a by-lined article today.

The article says:

At a time when the United Nations, the International Atomic Energy Agency and many countries have welcomed the adoption and implementation of the framework agreement, only France makes an objection to it. This is a despicable act aimed at attaining its selfish purpose at the sacrifice of others.

France is not in a position to charge others with "nuclear threat." The French authorities are getting overheated in the nuclear development and nuclear arms buildup to be a "nuclear power".

France, which had accelerated the socalled "independent nuclear development" from 1958, possessed 538 nuclear warheads of formidable explosive power already in 1991.

By April 1992, it carried out 161 nuclear tests on the Mururoa Island, on the Pacific. It has continued nuclear tests even after the temporary suspension of nuclear tests was proclaimed. When "the 1995-2000 arms buildup program" was being discussed in the parliament in may last year, the French prime minister emphasized the need to reinforce the nuclear forces, saying his country had the "freedom of choice" regarding nuclear tests and it was not subject to any international binding in resuming nuclear tests. That "program" envisaged ten million francs to be disbursed for the resumption of nuclear tests.

In August last year France restarted the operation "Super Phoenix." Of the world's largest fast breeder reactor, in the atomic power plant in [words indistinct] it is keeping in full- capacity operation the reprocessing facilities in and other areas and securing large quantities of nuclear substance for nuclear arms production. France produced tactical nuclear missile in secrecy in the second half of 1992 and is now concentrating efforts on the development of M-5 and M-45, submarine-launched strategic missiles, and other sophisticated nuclear delivery means.

France is the chieftain of nuclear proliferation.

It has provided high-grade plutonium to different countries allegedly for "commercial purpose." It has supplied large quantities of plutonium to Japan, which seeks to turn itself into a nuclear power. 1.7 tons of plutonium were sent to Japan in early 1993.

It is ridiculous of France to take issue with the DPRK. The French authorities must discard the wrong habit of veiling its crimes and caring only for its interests.

If genuine peace and stability are to be ensured in the world, nuclear-possessing countries such as France must totally eliminate nuclear weapons.

Japanese Party's Nuclear Comments Criticized

SK0402103095 Pyongyang KCNA in English
1025 GMT 4 Feb 95

["Rash Acts Must Be Discontinued"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—Leader of the New Frontier Party of Japan Toshiki Kaifu, speaking at a recent plenary session of the House of Representatives, cried for "a nuclear inspection" of and "sanctions" against the Democratic People's Republic of Korea under the pretext of fictitious "suspicion of its past nuclear activities." Commenting on this, MINJU CHOSON today views this as an attempt to isolate and stifle the socialist system of the DPRK and a rash act against the trend of the time.

The analyst says:

The parties concerned in the solution to the nuclear issue in the Korean peninsula are the DPRK and the United States. Japan has no justification to poke its nose into it.

The high-placed politician's cry over the "suspicion of the DPRK's past nuclear activities" only indicates that Japan does not want to see the implementation of the framework agreement reached between the DPRK and the United States for the solution to the nuclear issue in the Korean peninsula but seeks to create military tension in this region and accelerate its own nuclear armament under that pretext.

Japan has purchased and stockpiled large quantities of plutonium with all material and technical preparations made for manufacturing nuclear weapons any time. It also possesses sophisticated nuclear delivery means.

Intolerable are the rash acts of the dishonest forces that do not abandon the bad habit of decrying others. Leading politicians of Japan must act with discretion, in keeping with the trend of the present time.

Chongnyon Holds Fourth Enlarged Meeting 2 Feb

SK0402045395 Pyongyang KCNA in English
0427 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—The fourth enlarged meeting of the 16th Central Committee of the General Association of Korean Residents in Japan (Chongnyon) was held at the Korean House in Tokyo on Thursday [2 February].

Discussed at the meeting were agenda items "On powerfully waging the massive patriotic innovation movement to greet the 40th anniversary of the formation of Chongnyon with a high degree of patriotic enthusiasm and brilliant achievements" and "On conducting an all-compatriots campaign to rescue Korean victims of the great Hansin earthquake".

There Han Tok-su, chairman of the Chongnyon Central Standing Committee, outlined the purpose and significance of the meeting at which important matters were to be discussed and decided upon to significantly greet the 40th foundation anniversary of Chongnyon (May 25).

In his report on the first item of the agenda, First Vice-Chairman Yi Chin-kyu said that all the officials and compatriots should make the celebrations of the 40th founding anniversary of Chongnyon a grand festival of loyalty and unity honoring the leadership feats performed by the great Generalissimo Kim Il-song and respected Marshal Kim Chong-il for the movement of Korean residents in Japan and demonstrating the strength of Japan-resident Koreans united in one mind around General Kim Chong-il.

"We are always with the great leader Generalissimo Kim Il-song, the sun of chuche, and are wisely guided by the great leader Marshal Kim Chong-il, the greatest among the great men, and we have the powerful strength of compatriots rallied in one mind around respected General Kim Chong-il," he said, shouting: "Let all of us make a long stride forward, full of the conviction of victory, to celebrate the 40th founding anniversary of Chongnyon with a high degree of patriotic enthusiasm and brilliant achievements and open a phase of a turn for the creation of a new history of the chuche- based movement of Koreans in Japan."

In his report on the second agenda item, Chief Vice-Chairman Ho Chong-man pointed out that the great leader Marshal Kim Chong-il sent a telegram of consolation and relief fund, never forgetting the compatriots in Japan.

He called upon all organizations and officials of Chongnyon, to conduct a relief campaign for the victims of the great Hansin earthquake on the organizational, massive scale, keeping in mind the love and solicitude shown by respected Marshal Kim Chong-il and his noble intention.

A letter to Comrade Kim Chong-il was adopted at the meeting.

Group in Japan Supports Joint Meeting Proposal

SK0602053995 Pyongyang KCNA in English
0501 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, February 4 [date as received] (KNS-KCNA)—Kim Chong-su, chairman of the Association of Koreans in Japan for Peaceful Reunification, in a statement on February 4 supported the appeal of a joint meeting of the political parties and organisations of the Democratic People's Republic of Korea.

The joint meeting which was held on January 24 proposed to compatriots in the North, the South and overseas to gather in one place on August 15 this year for grandly celebrating the 50th anniversary of the national liberation and hold a grand national conference to discuss and confirm the way of national reunification common to the nation and published an appeal containing this proposal.

Chairman Kim Chong-su in his statement said that the appeal of the joint meeting is a patriotic initiative which fully reflects the will and aspiration of all the fellow countrymen to adorn this year, the 50th anniversary of the national liberation, as a year of opening a turning phase for national reunification.

We will make all our efforts so that the compatriots of all strata in South Korea and overseas should take part in a grand festival and grand national conference, an assembly of reunification common to the nation, he stressed.

WPK Delegation Led by Hwang Arrives in Denmark

SK0302144295 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 1 Feb 95

[FBIS Translated Text] A delegation of the Workers' Party of Korea [WPK] led by Hwang Chang-yop, secretary of the WPK Central Committee, arrived by plane in Copenhagen on 31 January to participate in the International Seminar on the Chuche Idea for the Independence of the World, which is to be held in Denmark.

Preben Moller Hansen, chairman of the Danish Common Cause Labor Party; (Bruno Amoroso), mediator of the seminar's International Preparatory Committee; (Isits Davek), secretary in charge of international affairs of the Danish Communist Party; and (Yon Peterson), secretary in charge of international affairs of the Danish Communist Party Marxism-Leninism, welcomed the delegation at the airport. The DPRK ambassador to Denmark and employees of the embassy were also on hand.

Delegates Leave for Kazakhstan, Kyrgyzstan 6 Feb

SK0602102595 Pyongyang KCNA in English 1002 GMT 6 Feb 95

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—A delegation of the Korean Committee for Cultural Relations With Foreign Countries led by Vice-Chairman Kim Yong-su left here today to visit Kazakhstan and Kyrgyzstan.

60 Export Production Bases Said Created in 1994

SK0302150295 Pyongyang KCNA in English 1459 GMT 3 Feb 95

[FBIS Transcribed Text] Pyongyang, February 3 (KCNA)—Over 60 exports production bases were built in Korea last year.

The annual export value grew 8 percent over the previous year.

Nampho Municipality fulfilled its last year's export plan at 173 percent. This year, too, it is directing big efforts to foreign trade from the first month.

It has built 17 more exports production bases including nonferrous metal and non-metal processing bases and is now increasing the output of exports, while improving their quality.

Last year the export value grew 40 percent over the previous year in cities and counties of South Hwanghae and Chagang Provinces. Kaesong Municipality is developing processing trade through the effective use of the existing production foundation, thus boosting the export volume.

The provincial trade management bureaus are stepping up the production of exports, having set themselves the target of increasing the export value this year more than 13 percent over the last year.

People in ROK Reportedly Praise Kim Chong-il

SK0402042995 Pyongyang KCNA in English 0420 GMT 4 Feb 95

["It Is Greatest Fortune of Our Nation To Have Leader Kim Chong-il at its Head"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—South Korean people from all walks of life highly praise the leadership exploits of the great leader Comrade Kim Chong-il and express deep reverence for him, according to radio Voice of National Salvation from Seoul.

A pressman in Seoul told his colleagues:

It can be seen only in the North that the way of living with one's independent view and judgement and one's own strength and faith prevails in the whole society.

I feel the powerful pulse of the nation when I hear the attractive slogans "Let us model the whole society on the chuche idea" "Let us meet the requirements of chuche in ideology, technology and culture" and "Let us live our own way."

When I learned that Mr. Kim Chong-il put forward these slogans and is leading all the people in the North to live their own way with the spirit and faith and the will and traits of the nation, I bow my head before his great leadership ability.

A teacher in Taejon told his students:

Mr. Kim Chong-il, who is exalting the dignity of the nation, carrying forward the cause of President Kim Il-song, is a versatile, great man with clairvoyant intelligence and extraordinary art of leadership and a great sage who will represent the future of the nation and humankind.

Nothing on earth is comparable to the pride of our nation in having such a great man as its leader. I hope you will resolutely take the road of reunification with such pride and honour.

First Lieutenant Kim Chol-su of the 11th division of the South Korean puppet Army told officers deploring their lot:

I heard that the People's Army in the North has reached a very high standard in mental and moral features, military and technical equipment and in Army-people relations. It is the leader Kim Chong- il who commands this invincible Army, iron-willed ranks.

He is a great statesman and brilliant commander with both literary and military accomplishments.

It is the greatest fortune of our fellow countrymen to have such a rare, great man as the leader Kim Chong-il at the head of the nation. It is General Kim Chong-il who will command our national Army in the future.

Kim Chong-il's Work Reported by Foreign Media

SK0602102395 Pyongyang KCNA in English 1002 GMT 6 Feb 95

[All publications names as received]

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—"Socialism Is a Science", a famous work of the great leader Comrade Kim Chong-il, was reported by the Egyptian paper AL SIYASSI, the Madagascan paper IMONGO VAOVAO and the Mongolian paper ULAN BATAR.

AL SIYASSI carried the work under the title "Warm Congratulations to the Great Leader of the Korean People His Excellency Kim Chong-il on His 53rd Birthday".

Radios of Mongolia and Equatorial Guinea also reported the work.

More on Kim Chong-il Birthday Celebrations Abroad

SK0602101695 Pyongyang KCNA in English 1000 GMT 6 Feb 95

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—Functions took place in different countries on the birthday of the great leader Comrade Kim Chong-il.

A roundtable talk was held in Harare, Zimbabwe, on his birthday.

Speaking (?at a round) table talk, Charles Ndhlov [name as received], editor-in-chief of the Zimbabwean paper PEOPLE'S VOICE, extended warmest congratulations to Comrade Kim Chong-il on his birthday. He noted:

Respected Comrade Kim Chong-il is a genius of thought and theory.

The world people hold Comrade Kim Chong-il in esteem as the great leader in the era of independence.

Under the leadership of Comrade Kim Chong-il, socialism will win the final victory and the cause of independence will surely be realized on the earth.

The chairman of the National Liberation War Veterans Committee of Zimbabwe said at the roundtable talk that the singlehearted unity of the party, the leader and the people, this is the greatest immortal feat among the feats performed by Comrade Kim Chong-il.

Lectures were given by the Theory and Practice Centre of Kimilsungism in Zimbabwe, the group for the study of the chuche idea of African students studying in Mali and the Casetsart University of Thailand on the subjects of "His Excellency Dear Kim Chong-il Is the People's Leader With Outstanding Leadership Ability", "People Blessed With the Sagacious Leader" and so on.

Discussion on works and a meeting were held in Cairo, Egypt and at the model producers' cooperative in Poland.

Kim Chong-il's Birthday Achievements Praised

SK0502083095 Pyongyang KCNA in English 0822 GMT 5 Feb 95

[FBIS Transcribed Text] Pyongyang, February 5 (KCNA)—The Koreans in the North and the South and overseas and foreign friends grandly celebrate the birthday of the great leader Comrade Kim Chong-il (February 16, 1942) and wholeheartedly wish him good health and a long life when significant February comes round every year.

Comrade Kim Chong-il is a great man who devotes even his birthday when he should take a rest amid the blessings of the people around the world to the accomplishment of the cause of socialism and to the happiness of the people.

He used to spend February 16 in energetic activities as on ordinary days.

On February 16, 1982, the 40th birthday of Comrade Kim Chong-il, the great leader President Kim Il-song said he would have to congratulate him on his birthday without fail that time and arranged a simple luncheon and highly appraised his immortal exploits for the party and the revolution, the country and the people. On that meaningful occasion, Comrade Kim Chong-il spoke of his lifelong mission to carry forward to accomplishment through generations the revolutionary cause of chuche started by President Kim Il-song. No sooner had the luncheon ended than he went to Kim Il-song Stadium which was being reconstructed on an expansion basis in those days and gave to officials teachings that they should follow the examples of the anti-Japanese revolutionary fighters who had been faithful to President Kim Il-song.

With unbounded love for the people, Comrade Kim Chong-il called a consultative meeting of leading officials of the party Central Committee on February 16, 1984 and indicated ways of lifting the standard of material and cultural living of the people to a higher stage. In "On Further Improving the People's Living", the speech he made on that occasion, he said that agriculture and fishing industry must be developed, revolution be effected in the light industry and services and dwelling houses be built on a large scale.

Comrade Kim Chong-il chose the Hwanghae Iron and Steel Complex, a mighty metallurgical base of the country, as a model unit of comprehensive automation and directed the work for its realisation in the van. He discussed measures with an official concerned for the project on his birthday in 1973.

He directed the work of filmizing [as received] "The Fate of a Self-Defence Corps Man", a famous masterpiece created by President Kim Il-song during the anti-Japanese revolutionary struggle, gave on-the-spot guidance to the Wonhwa Cooperative Farm in Phyongwon County, South Phyongan Province, directed the preparations for the 13th World Festival of Youth and Students and put forward the policy for national reunification on February 16. But they are only part of the stories.

Kim Chong-il Sends Thanks to Officials, Workers

*SK0402042695 Pyongyang KCNA in English
0414 GMT 4 Feb 95*

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—The great leader Comrade Kim Chong-il sent thanks to the Sinchon County, South Hwanghae Province, Committee of the Workers' Party of Korea, the Pyongyang garment factory, the neurosurgical section of the South Pyongan Provincial People's Hospital, Vice-director of the Press Department of the Ministry of General Education Kim Chong-hwan and his family, Pak Yong-suk of the Pyongchon Restaurant in Pyongchon District, Pyongyang, and her family and other units, officials and workers who had set examples in displaying the traditional traits of unity between the Army and the people.

Those units, officials and workers upon receiving thanks from Comrade Kim Chong-il expressed their determination to actively assist the People's Army and attain bigger achievements in fulfilling their revolutionary tasks in order to live up to the deep trust shown in them who had done what citizens of the Republic should do.

Kim Chong-il Lists Tasks in Message to Youth

*SK0602044695 Pyongyang KCNA in English
0427 GMT 6 Feb 95*

["Comrade Kim Chong-il on Important Tasks Facing Young People and School Children"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—The great leader Comrade Kim Chong-il outlined the important tasks facing the young people and school children in his congratulatory message to the members of the League of Socialist Working Youth (LSWY) and the members of the Children's Union (CU) who took part in a march along the route of the "250-mile journey for national liberation."

He said the young people and school children of Korea are faced with the honorable task to carry to accomplishment the revolutionary cause of chuche, the cause of socialism, through generations, true to the behests of the great leader Comrade Kim Il-song.

He continued:

"The school youth and children are the future of our country and the successors to our revolution.

"The young people and school children who will take upon themselves the future of our country must fully prepare themselves to be reliable heirs to the revolutionary cause of chuche and loyal subjects and devoted sons and daughters unfailingly faithful to the great leader Comrade Kim Il-song and our party.

"They must repay the great favours of respected Generalissimo Kim Il-song, bearing them deep in mind, and always hold him in high esteem.

"They must be true young vanguards and juvenile guards of our party.

"The LSWY and CU organisations must give definite priority to and actively conduct the work of preparing the young people and school children to be rifles and bombs defending our party with their lives.

"The young people and school children must be fine sons and daughters of the country and the people. They must warmly love the socialist motherland and the people and firmly defend and exalt the socialist motherland generation after generation."

In the congratulatory message, Comrade Kim Chong-il said that the young people and school children must study hard, live a sound life, acquire practical knowledge useful for the revolution and construction and communist morality and build up their physical strength.

They must also widely wage socio-political activities and the do- good-things movement and take an active part in the organisational life, he emphasized.

KCNA Details Message to Youth

*SK0602055295 Pyongyang KCNA in English
0520 GMT 6 Feb 95*

["Comrade Kim Chong-il Sends Congratulatory Message to LSWY and CU Members Who Took Part in March Along Route of '250-Mile Journey for National Liberation'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—The great leader Comrade Kim Chong-il sent a congratulatory message to the members of the League of Socialist Working Youth (LSWY) and the members of the Children's Union (CU) who took part in a march along the route of the "250-mile journey for national liberation".

The congratulatory message was conveyed to them on February 5.

Comrade Kim Chong-il in the message extends warm congratulations to the members of the LSWY and CU who made a successful march following the great footsteps bearing the noble intention of the great leader President Kim Il-song, with intense yearning for him on the lapse of 70 years since he made the "250-mile journey for national liberation".

He said:

The fatherly leader embarked upon the road of revolution, covering a rugged path of 250 miles after leaving Mangyongdae, his home village, at the age of 13, with grand aspirations for national liberation. The "250-mile journey for national liberation" made by the great leader was a glorious road which heralded the dawn of national resurrection to the land of the country over which the dark clouds of the Japanese imperialist colonial rule were hanging, and a historic road which opened a new epoch of the popular masses' cause of independence, the revolutionary cause of chuche. By the great revolutionary activities and leadership of the respected leader in 70 years after he made the "250-mile journey for national liberation", the destiny of the country and the nation was saved, socialist Korea centered on the popular masses has been built and the proud and worthy socialist life of our people provided. The grand aspirations of revolution left by the great leader, the father of our nation, on the "250-mile journey for national liberation" will bloom more beautifully with the flow of history.

The march on the lapse of 70 years since the "250-mile journey for national liberation" was made significantly amid the deep concern of our party and people and a high degree of enthusiasm and expectation of the entire young people and school children across the country. Through the current march you have gained deeper understanding of the greatness of the respected leader, cultivated intense loyalty to the party and the leader and clearly showed the faith and will of our young people and school children to prepare themselves to be revolutionaries of the new generation, ardent patriots by actively learning from the youth and childhood of the fatherly leader. I am deeply satisfied over this.

Today the young people and school children are faced with the honorable task to carry to accomplishment the revolutionary cause of chuche, the cause of socialism, through generations, true to the behests of the leader.

The young people and school children are the future of the country and the successors to our revolution. Only when they grow stoutly can our party be strong, can our socialist country prosper and can the revolutionary cause started by the leader be accomplished with success. The young people and school children who will take upon themselves the future of our country must fully prepare themselves to be dependable successors to the revolutionary cause of chuche and loyal subjects and devoted sons and daughters unfailingly faithful to the great leader and our party.

The fatherly leader in his lifetime regarded the young people and school children as the most precious treasure of the country, loved them most and showed all solicitude for them. They must repay the deep favours of the fatherly leader with loyalty, bearing them deep in mind, and always hold respected Generalissimo Kim Il-song in high esteem.

They must be true young vanguards and juvenile guards of our party. Our party is the destiny of our people and young people and school children and the destiny of socialism. Apart from the bosom of the party, the young people and school children cannot study to their heart's content and realize their beautiful ideal. They must always trust and follow only our party, unite around it more closely and firmly defend it with all devotion. The organisations of the League of Socialist Working Youth and the Children's Union must give definite priority to and actively conduct the work of preparing the young people and school children to be rifles and bombs defending our party with their lives.

The young people and school children must be fine sons and daughters of the country and the people. They must warmly love the socialist motherland and the people and firmly defend and exalt the socialist motherland generation after generation.

In order to remain faithful to the party and the leader, the country and the people, they must be prepared mentally, morally and physically. For them to acquire ample knowledge, a good moral character and good health is what our party demands and the basic revolutionary task of the young people and school children. They must study hard, live a sound life, acquire practical knowledge useful for the revolution and construction and communist morality and build up their physical strength through various sports activities. They must regard service in the People's Army as the highest honor, assiduously study military affairs and thus prepare themselves well to be courageous defenders of the motherland.

They must widely wage socio-political activities and the do-good- things movement. By energetically conducting various socio- political activities and do-good-things movement, they must inspire the working people who are accelerating socialist construction and the soldiers of the People's Army who are creditably defending the country and actively contribute to making the country prosperous and neatly building up the towns and villages.

They must take an active part in the organisational life. They must value and love their organisations and voluntarily and consciously participate in the organisational life and thus cultivate the spirit of collectivism, revolutionary spirit and discipline.

In the sturdy and virile looks of the young people and school children, our party and people see a bright future of the country and deepen the conviction of the victory of our revolution.

I firmly believe that the participants in the march along the route of the "250-mile journey for national liberation" and all the young people and school children across the country will successfully discharge their honorable tasks as the dependable successors to our revolution.

Delay in Construction of Kim Il-song Tomb Noted

OW0402151595 Tokyo MAINICHI SHIMBUN in Japanese 4 Feb 95 Morning Edition p 6

[Article by Foreign News Department reporter Bungo Osawa]

[FBIS Translated Text] The construction of a tomb for the late President Kim Il-song is drawing the attention of both Japanese and South Korean experts because the role of the tomb is deeply involved in the inauguration of a new DPRK regime led by Secretary Kim Chong-il. During my recent trip to North Korea, I had the opportunity to look at several potential sites at which the tomb will be built, but I saw no efforts under way to build the tomb at any of the sites.

According to information supplied by an ROK Government source, the most likely site for the tomb to be built is the Taesungsan Revolutionaries Cemetery in northern Pyongyang. More than 100 revolutionaries, who joined the late President Kim Il-song in waging the anti-Japanese partisan struggle, have been buried in the cemetery, with bronze statues of themselves erected just in front of their graves. The cemetery commands a panoramic view of Pyongyang and is surrounded by a park, a zoo, and a botanical garden.

Pyongyang citizens can easily visit the cemetery because of its convenient location. It thus has been regarded as one of the most likely sites for the late North Korean leader's tomb. An area near the Tankun Tomb on the northern outskirts of Pyongyang also is regarded as one of the most likely sites. The DPRK has carried out an innovative restoration of the Tankun Tomb and claims that "the king who founded the first state on the Korean peninsula has been laid to rest in the tomb."

No construction work, however, has been observed at the Taesungsan Revolutionaries Cemetery. A Tankun memorial hall was under construction, and other small-scale construction work was under way near the Tankun Tomb.

A DPRK professor said, "Although places of work and regional party organizations are now discussing where to build the tomb, my personal opinion is that the tomb will be built at a location which citizens can easily visit on their way to and from their places of work." He also noted that many people very much want the tomb to be erected in the center of Pyongyang and that an area in Mansudae near Kim Il-song Square and Kim Il-song's statue is being mentioned as the potential site for the construction of the tomb. During its stay in Pyongyang, a group of Japanese reporters was not allowed to enter the Kumsusan Assembly Hall, where the state funeral service was held for the late DPRK leader. The remains of the late North Korean leader are believed still to be in the hall. Many of the remains of the founders of socialist states such as Lenin and Mao Zedong have been permanently preserved in huge mausoleums. In many cases, the announcement of their successors and of plans for the construction of their mausoleums and the preservation of their remains have occurred at the same time.

The delay in North Korea's announcement of plans for the remains of the late President Kim Il-song and for building his tomb has fueled speculation that DPRK leaders might be locked in a power struggle.

Efforts Exerted To Achieve Greater Local Trade

SK0402100595 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 2 Feb 95

[FBIS Translated Text] Functionaries and working people affiliated with the trade management bureau of each province, who have received significant personal letters sent by the great leader [yongdoja] Comrade Kim Chong-il with great emotion, are vigorously struggling in this year's grand march, embraced with an enthusiasm to achieve new developments in local trade.

By upholding the party's policy that trade is best, they newly created some 60 export item production bases last year; the annual export volume was increased by 108.8 percent compared with 1993.

In particular, about 40 cities and counties—including Kangso District, Chollima District, Yonan County, Kaechon County, Onchon County, Mundok County, Chonchon County, Unpa County, Sepo County, and the city of Sinpo—took pride in overfulfilling the local trade goals put forth by the fatherly leader when he was alive.

Paper Praises Chuche Revolutionary Work Method

SK0402103895 Pyongyang KCNA in English 1032 GMT 4 Feb 95

["Chuche-Based Revolutionary Work Method"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—35 years have passed since the great leader President Kim Il-song created the Chongsan-ri spirit and Chongsan-ri method, the chuche- based revolutionary work method.

President Kim Il-song, guiding the work of the then Kangso County, South Phyongan Province, and Chongsan-ri, Kangso County, from February 4 to 18, 1960, created the chuche-based work method, the true work method of the working-class party and a consummation of revolutionary leadership art.

The Chongsan-ri spirit and Chongsan-ri method were created by putting into a concrete form and developing the anti-Japanese guerrilla-style work method, the traditional work method of our party, to suit the new conditions of socialist construction.

President Kim Il-song provided the true model of the communistic work method by creating the anti-Japanese guerrilla-style work method in the flames of the rigoroous, anti-Japanese revolutionary struggle.

The Chongsan-ri spirit and the Chongsan-ri method comprehensively indicate all the principles and ways for the leadership of the masses from the method of designing, planning, organising and conducting all the work for strengthening the party and the revolutionary ranks and accelerating socialist construction to the method of talking with the people and awakening them.

In an editorial headlined "Let Us Follow the Great Leader's Work Method" NODONG SINMUN today says that the creation of the Chongsan- ri method, the true communistic work method, by the great leader Comrade Kim Il-song successfully solved the question of the method of mass leadership by the ruling party in a socialist country for the first time in history and provided a powerful weapon for constantly strengthening the party and the revolutionary ranks and carrying the socialist cause to completion.

The editorial notes that the chuche-based work method created by the great leader Comrade Kim Il-song has been developed in depth and its vitality has been fully displayed by the great leader Comrade Kim Chong-il.

Since there are the tested leadership of the great leader Comrade Kim Chong-il and the powerful chuche-based work method created by the great leader Comrade Kim Il-song, the invincible might of our party and the revolutionary ranks will constantly grow and the revolutionary cause of chuche will be accomplished as intended by the great leader President Kim Il-song in his lifetime, declares the editorial.

South Korea

Kong on Importance of Improvement in N-S Ties

SK0402044795 Seoul YONHAP in English 0440 GMT 4 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP)—Failure to make progress in inter-Korean relations will be an obstacle to proceeding with measures to provide light-water nuclear reactors to North Korea, although Pyongyang and Washington signs a contract on the provision of the reactors to the North by April 21, the deadline set by the framework agreement on the North's nuclear program, according to Foreign Ministry spokesman Yu Kwang-sok Saturday.

Yu was quoting Foreign Minister Kong No-myong on his remarks made the previous day at a press conference.

According to the spokesman, Kong reaffirmed the government's previous position that North Korea's acceptance of South Korean standard nuclear plant and Seoul's central role in the provision of nuclear reactors to the North will serve as an occasion to expedite inter-Korean talks.

On the Japanese press reports that the sending of a telegram by Japanese Prime Minister Tomiichi Murayama to North Korean Prime Minister Kang Song-san to express thanks for the latter's condolence message for the Japanese quake victims was the first of its kind that could lead to thaws in relations between Pyongyang and Tokyo, Yu said that the Japanese Government's position is that the telegram message sent to Tokyo was just a protocol which has no other meaning.

He added that the Japanese Government had consulted with the South Korean Government before sending the telegram to Kang Song-san.

NUB Reiterates Proposal on High-Level Talks

SK0602081195 Seoul KBS-1 Radio Network in Korean 0738 GMT 6 Feb 95

[FBIS Translated Text] In connection with North Korea's rejection of South Korea's proposal that separated families from South Korea be allowed to attend the Pyongyang festival in April and that talks be held between high-level North and South Korean authorities, the National Unification Board [NUB], today asked again North Korea to accept South Korea's humanitarian proposal.

Urges Pyongyang To Accept Visits

SK0602091495 Seoul YONHAP in English 0908 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—South Korea on Monday again called on North Korea to accept its humanitarian proposal for allowing separated families in the South and North to meet, on the occasion of the Pyongyang International Sports and Culture Festival slated for late April, and for holding high-level authorities' talks to discuss the proposal and other matters.

National Unification Board Spokesman Kim Kyong-ung made the call, responding to North Korea's rejection Monday of the South's proposal. Pyongyang rejected the offer in a commentary carried in the NODONG SINMUN, the organ of the ruling Workers' Party.

"The North is urged to accept our appropriate and reasonable proposal and permit as many split families as possible to meet one another," Kim said.

The spokesman also urged Pyongyang "to provide a momentum for easing the strained inter-Korean relationship and breaking the wall by allowing a free exchange of journalists between the two Koreas for reporting purposes."

Referring to the NODONG SINMUN's commentary denouncing the South Korean proposal as a "discourteous act falling short even of the common sense," Kim said, "We don't regard this as an official rejection of our proposal by the North Korean authorities."

Daily Analyzes DPRK Strategy on N-S Dialogue

SK0602080195 Seoul KYONGHYANG SINMUN in Korean 6 Feb 95 p 6

[Article by reporter Yi Chong-tak]

[FBIS Translated Text] In recent days, after arbitrarily interpreting the North-U.S. framework agreement reached in Geneva, North Korea has been countering the northward offensives launched by our government and the United States.

This means that North Korea has been launching an "offensive- style defense" by working out its own logic in responding to the mounting pressure against North Korea applied by the ROK and the United States which are stating: "The South-North dialogue is a precondition to the progress of North-U.S. relations" and "If the South-North dialogue is not realized, we will regard this to mean that North Korea is not implementing the agreement."

Through a 3 February NODONG SINMUN commentary regarding "the South-North dialogue" as specified in the Geneva agreement, North Korea stressed its justification for it to reject the South-North dialogue by saying: "No relevant atmosphere has been created."

North Korea has developed its logic by saying that even if North Korea does not accept the South-North dialogue at the present stage, this does not mean that North Korea is infringing on the agreement by noting: "The Geneva agreement stipulates that the South-North dialogue shall proceed in conformity with the creation of the relevant atmosphere for dialogue."

Also on 4 February, North Korea made a threat, saying that if the United States resumes this year's Team Spirit exercise, the North- U.S. agreement could be broken off.

NODONG SINMUN stated: "It is contradictory that, even though the agreement stipulates that one shall not threaten North Korea with nuclear weapons, one will conduct the Team Spirit exercise with a view to posing a nuclear threat and launching a nuclear attack."

While regarding—as it did before—the Team Spirit exercise as posing a nuclear threat, North Korea is viewing the agreement by interpreting it in North Korea's favor.

Such a logic maintained by North Korea stems from the fact that there is no translated version of the Geneva agreement authorized by both the North and the United States.

With regard to the controversial part on the South-North dialogue in the English-language version of the agreement, our side interprets it to mean: "because it will be conducive to creating a relevant atmosphere," but North Korea is interpreting it as: "in conformity with the creation of the relevant atmosphere."

According to our side's interpretation, North Korea should accept the South-North dialogue without any strings attached; but, according to the North Korean side's interpretation, if no suitable atmosphere is created, North Korea can reject such a dialogue for an indefinite period of time.

It also seems that North Korea itself will judge as to whether a suitable atmosphere for dialogue has been created.

In case of the Team Spirit exercise, North Korea has developed a logic of stating that because North-U.S. relations are presently in a state of war, "if a warring party carries out a war exercise, it is inconceivable for another party to implement the agreement."

After all, North Korea has linked the idea of its faithful implementation of the agreement with its offensive of calling for the replacement of the Armistice Agreement with a peace agreement.

We can understand that this is a repetition of North Korea's previous stance of dealing only with the United States, to the exclusion of our government, also in the process of implementing the Geneva agreement.

This notwithstanding, we can now see that the North side's intention, which has remained somewhat vague so far, has become clear in the process of developing North Korea's own new logic.

In other words, North Korea is not including the proposals for convening a grand national meeting and for holding a meeting of political parties, which North Korea has put forth to our side recently, in the category of the South-North dialogue as stipulated in the Geneva agreement.

North Korea's argument "no relevant atmosphere for the South- North dialogue has been created yet" has exposed North Korea's inner thought that North Korea is not regarding its own proposals to the South as part of the South-North dialogue. This, however, shows that North Korea indirectly acknowledges that the dialogue as stipulated in the agreement is the dialogue between the authorities concerned as called for by our side. This shows that we have been wrong in our interpretation that a series of North Korean southward offensives, including the proposal for convening a grand national meeting, are based on North Korea's own strategy to find the justification to hold the South-North dialogue.

It is also analyzed: North Korea has used the phrase "a creation of a relevant atmosphere for dialogue" with a view to displaying its intention to officially urge our side to make "an apology"—as a precondition to the South-North dialogue—for not having allowed our people to express condolences over the death of Kim Il-song.

But, such a logic and intention are based on a one-sided interpretation which the ROK and the United States find it hard to accept. Therefore, it remains to be seen whether the situation will develop as wished by North Korea.

Dailies Urge North To Accept Meetings Proposals

SK0402123195

[FBIS Editorial Report] The following is a compilation of editorials carried by Seoul vernacular dailies on 4 February regarding the ROK Government's proposal to hold high-level meetings to discuss family reunions, free inter-Korean visits by journalists, and visits to Pyongyang by ROK businessmen via Panmunjom.

The conservative CHOSON ILBO carries on page 3 an 800-word editorial entitled "Rationality of the ROK Government's Proposal Toward the North." Referring to the need for efforts by North Korea and the ROK to resolve North-South issues, the editorial begins: "North Korea intends to hold a "Pyongyang Festival" and a "great national conference," ignoring dialogue between the North Korean and ROK authorities and inviting only ROK figures who are believed will easily play into their hands. Because this is their unilateral decision, it cannot resolve the North-South issues. Therefore, the Pyongyang Festival and the great national conference cannot but fail to attract people's attention."

Referring to National Unification Minister Kim Tok's proposal to North Korea as an effort to improve North-South relations, the editorial says: "It is desirable for North Korea to positively review the proposal by the ROK Government, which aspires for practical exchanges between the North and South."

The moderate TONG-A ILBO carries on page 3 an 800-word editorial entitled "The Government's Three-Point Proposal Toward North Korea." Referring to the ROK Government's proposal toward North Korea as beneficial in improving North-South relations, and pointing out the contents of the proposal—such as discussing the issue of allowing South Koreans with family members and relatives in North Korea to participate in the Pyongyang Festival and allow family reunions, free inter-Korean travel by journalists, and visits by ROK businessmen to Pyongyang via Panmunjom—the editorial states: "No proposals or counterproposals can be achieved if an agreement is not reached between the North Korean and ROK authorities. This is because their personnel safety, as well as their safe return home, must be practically guaranteed." Noting North Korea's consistent strategy to invite politicians from the ROK while refusing contacts between the North Korean and ROK authorities, the editorial adds: "People, especially politicians, should not make irresponsible remarks that they will surely visit Pyongyang."

The moderate HANGUK ILBO carries on page 3 an 800-word editorial entitled "The Justification of the Government's Proposal to North Korea." Referring to the government's proposal as very significant in improving relations between the North and South, and to the justification of the government's proposal calling on Pyongyang to allow South Koreans who have family members and relatives in North Korea to participate in the Pyongyang Festival, the editorial says: "North Korea intends to loudly hold sports and cultural festivals by assembling a great many foreign tourists, including Koreans residing in foreign countries, in order to demonstrate at home and abroad Kim Chong-il's succession of power, the security system, and its desire for peace."

Referring to the importance of free inter-Korean visits by journalists and visits by ROK businessmen to Pyongyang via Panmunjom to improve relations between the North and South, the editorial states: "If North Korea really wants North-South reconciliation, it should unconditionally accept the ROK Government's proposal and come to the negotiating table as soon as possible to discuss the concerned details."

The moderate CHUNGANG ILBO carries on page 3 an 800-word editorial entitled "The ROK Government's Flexible Proposal Toward the North." Referring to the government's proposal as an effort to have an opportunity to hold meetings with North Korea, and to its flexible position toward the North—such as allowing South Koreans to participate in North Korea's political events—the editorial says: "As North Korea states, the Pyongyang Festival is aimed at conducting its political propaganda that 'demonstrates the invincibility of the revolutionary ranks and the superiority of the socialist system.' North Korea plans to assemble a great many foreign tourists. Therefore, it is very significant for the ROK Government to allow South Koreans to participate in such a festival." Noting the need for change in North Korea's policy, the editorial adds: "If the Pyongyang Festival is designed to demonstrate the emergence of the new Kim Chong-il system, it should present a policy as well. Considering this fact, North Korea should respond to the ROK Government's proposal."

The pro-government SEOUL SINMUN carries on page 3 an 800-word editorial entitled "The North Should Invite Separated Family Members First." Referring to the importance of the North-South separated family issue on the Korean peninsula, the editorial states: "The North Korean and ROK authorities should, without fail, find a breakthrough to resolve the separated family issue on the occasion of the ROK Government's proposal." Referring to North Korea's past unreasonable proposals toward the South, including the Pannational Rally and the 15 August joint festival, and urging Pyongyang to invite South Koreans who have family members and relatives in North Korea to participate in the festival to meet their families, the editorial concludes: "Let us begin talks at once. We sincerely expect the government's proposal to be a breakthrough in resuming North-South dialogue and in practically improving North-South relations."

South, North Enter 'Propaganda War' on Visits

SK0502003195 Seoul THE KOREA HERALD in English 5 Feb 95 p 2

[FBIS Transcribed Text] Seoul's proposal to Pyongyang Friday [3 February] reflects a propaganda war about the two sides' policy on inter-Korean dialogue, analysts here say.

By making the proposal for the visit to Pyongyang by South Korean separated family members, the exchange of journalists and South Korean businessmen's passage through the truce village of Panmunjom, Seoul put forward a package which it hopes will blunt Pyongyang's propaganda offensive on inter-Korean talks.

North Korea proposed last month to hold a "grand national conference" attended by Koreans from the South, the North and overseas to jointly celebrate the 50th anniversary of national liberation from Japanese colonial rule this year.

After rejecting Seoul's counterproposal for government-level talks to discuss preparations for joint celebration of the 50th anniversary of national liberation, Pyongyang made another proposal for a meeting of political leaders from South and North Korea.

At the center of the proposal made by Deputy Premier and Unification Minister Kim Tok was the call for North Korea to allow South Koreans to visit Pyongyang during an international sports and cultural festival in April and arrange for meetings with their separated family members.

After the announcement of the proposal, officials at the National Unification Board (NUB) suggested that South Korean separated family members go to the North for the festival even if government-level talks are not held in advance.

Most observers are not confident that Pyongyang will respond favorably to Seoul's proposal.

They say Pyongyang is not likely to react favorably to the proposed exchange of journalists from the South and the North, pointing out that it has not reacted to a decision by Washington last month of letting U.S. media open offices in Pyongyang.

They also said that the idea of South Korean businessmen's passage through Panmunjom had been raised in a package of measures last November to ease curbs on inter-Korean economic exchanges but has drawn no favorable response from the North.

The North Korean leadership, however, may weigh the possibility of allowing South Koreans to visit Pyongyang for the sports and cultural festival finding it difficult to disregard the propaganda effect the presence of South Korean separated family members at the festival will have.

North Korea has been preparing the festival as an important event to demonstrate its stability and what it alleges is the superiority of the Socialist system.

Such political motives led Pyongyang to scale up an otherwise lackluster show of pro-wrestlers and boxers from Japan and the United States, which was arranged during a visit to Pyongyang by a Japanese pro-wrestler-turned lawmaker last September.

A North Korean official told reporters in Tokyo last month that Pyongyang plans to receive 10,000 foreign tourists for the festival scheduled for April 28-30.

Analysts say the North also has reasons for being passive in allowing South Korean separated family members in. They indicate that the North Korean leadership, which has tried to incite anti-U.S. sentiments against the South Korean government since the conclusion of a nuclear accord with Washington, may find it runs counter to such efforts to accept the South Korean proposal.

They expect the most plausible explanation is that the North will make a selected response to the Seoul proposal, which means it will receive a limited number of South Korean separated family members in a way which will serve their propaganda purpose.

Editorial: North, South Lack Will for Dialogue

SK0502043095 Seoul HANGYORE SINMUN in Korean 5 Feb 95 p 3

[Editorial: "Proposals of North and South Korea Were Made On the Assumption of Refusal"]

[FBIS Translated Text] The government proposed that separated family members participate in "the Pyongyang international sports and culture festival for peace," which North Korea intends to hold in a splend manner. Following North Korea's proposal for a "grand national conference," both North and South Korea attempted to behave as if they have the will for dialogue by proposing vice ministerial- level talks and a meeting of representatives of political parties. Both North and South Korea, well aware of the basis and theory of each other's assertions for dialogue, again forwarded proposals whose acceptance by the other side was unlikely or which were already rejected by each other, by merely amending proposals slightly. Thus, they only repeated useless offensive and defensive refutations. This is why the people do not pay much attention to our government's proposal, which attempted to use the Pyongyang festival as an occasion for a reunion of separated family members.

It seems that the government has concluded that as U.S. policy links U.S.-North Korean relations to progress in North-South dialogue, North Korea—which wishes for progress in its relations with the United States—is considering and reviewing partial amendments to its previous policy. In addition to the government's new proposal for separated family members to attend the Pyongyang festival, it again forwarded a proposal on reporters' visit to North Korea, transit through Panmunjom for South Korean businessmen visiting the North, and talks between high-level authorities, which were ignored or not accepted by North Korea in the past. We feel that the government's recent proposal was prompted by this conclusion. The current proposal by the government also showed reluctance to offer acceptable conditions to North Korea, except showing flexibility by allowing the North to designate the level, time, and venue of the authorities' talks. Thus, the government's proposals lacked a clear will to open a breakthrough for dialogue.

At the beginning of the new year, the president said he would strive to effect substantive progress in North-South relations this year. No one would deny the fact that North-South dialogue is possible only when North Korea changes its attitude and that North Korea must change. However, for this, a shift in the government's attitude and policies is also necessary. The president's will expressed at the beginning of the new year should have meant acceptance of such change. If a proposal is made merely for the sake of recording a refusal by the other side and in anticipation of a clear refusal, it is simply hindering the nation's aspiration for reunification.

Whether or not it is appropriate for our government to propose a dialogue between responsible authorities and for North Korea to reject such a propsoal, we notice that both side reject each side's proposals anyway. We believe North and South Korea are rejecting even acceptable assertions and proposals from the other side. For one to effect substantive progress in North-South relations, one should make efforts to seek and adjust one's proposal to make it acceptable to the other side, breaking away from one's fixed idea.

Companies 'Bribe' North Officials for Business

SK0602025295 Seoul YONHAP in English 0244 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—In a business rush to the North Korean market, South Korean industrialists have given a considerable amount of bribes or kickbacks to North Korean officials for a bigger share in the reclusive country.

Some of them have even pledged to build infrastructure, such as airfields, roads and piers in the North, going far beyond the stated purpose of their visit for which they only obtained the government's travel permit.

A source well informed of North Korean affairs confirmed Monday that some South Korean business leaders gave bribes of up to 1 million U.S. dollars to North Korean officials during their recent visits to the North for negotiations concerning inter-Korean economic cooperation projects.

The North Korean officials, cashing in on South Korean companies' psychology of competition, openly required bribes when they met South Korean businessmen, and the bribes they demanded ranged from tens of thousands of dollars to 1 million dollars, he added.

A business group, identified only as "H," recently gave a bribe of 1 million dollars to Koryo People's Industrial Development Council, the North's sole authorized contact with South Korean businesses, for investment in the North. But the group has not yet made any progress in its North Korean investment project despite the bribe.

And South Korean businessmen flying from Beijing to Pyongyang have frequently used a 40,000-dollar chartered plane of the North's Koryo Air at Pyongyang's request, even though the first-class air fare between the two cities is only 150 dollars per passenger.

Some South Korean business groups went so far as to promise to build such enormous facilities such as airports and harbors in the North, the source said, adding, "I understand their business talks often went beyond the scope of visit purposes for which they were only issued the government's travel permit."

South Korean industrialists have talked with North Korean officials about a large variety of inter-Korean cooperation projects in the North, but not a single agreement or contract on such cooperation has been concluded, he stressed.

Meeting with South Korean businessmen are not "powerful policy- makers" but North Korean officials below that level, and these lower-level officials are approaching South Korean businessmen with ambiguous but rosy promises which successfully fuel South Korean firms' psychology of competition.

A government official said businesses that are found to have made inter-Korean economic cooperation commitments beyond the approved purposes during their visit to the North will face sanctions for such commitments.

The government is investigating the businesses which have sent missions to the North over the past several months, he added.

Firms Reportedly To Be Penalized

SK0402061695 Seoul TONG-A ILBO in Korean 4 Feb 95 p 1

[FBIS Translated Text] The government decided on 3 February to cancel permits to contact North Korean residents and to visit North Korea for those ROK businessmen detected of secretly giving a considerable amount of money to North Korean officials in charge of South-North economic cooperation.

The government also decided to intensify administrative orientation for businessmen who are pushing ahead with South-North economic cooperation to prevent such clandestine dealings.

In light of customary practices in commercial transactions, however, the government decided only to strengthen administrative instruction and not to question dealings involving $10,000 or less.

For dealings involving over $10,000, however, the government will make individual inspections and apply appropriate sanctions against those companies.

When a company is detected of secretly giving a lot of money to North Korean officials, the government will not only apply sanctions against the company on violation of the law on South-North exchange and cooperation, such as canceling the company's permit to contact North Korean residents, but also punish it on charges of violation of the Foreign Exchange Control Law.

The government undertook this policy after government authorities confirmed that ROK businessmen have been engaged in clandestine dealings with North Korean officials in a bid to obtain invitations to visit North Korea and to conclude contracts on investment in North Korea in a favorable way since the government took measures to activate South-North economic cooperation in November 1994.

The government will convene the Council for the Promotion of South-North Exchange and Cooperation as soon as possible to fix this policy.

A government official said: "If our businessmen secretly give money to North Korea, it will be difficult to indict North Korean residents on bribery charges because they are not subject to the domestic law." He added: "However, the government will apply every possible sanction against those North Koreans who are detected of receiving money from South Korean businessmen within the boundaries of domestic law."

This official also said: "There is a rumor that North Korea has rejected dialogue between the South and North Korean authorities, while enjoying clandestine dealings with South Korean businessmen." He then added: "However, because it is determined that the businessmen's act of secretly giving money to North Korea is not aimed at benefiting an antistate organization (North Korea), it is difficult to invoke the National Security Law."

Difficulties in Investing in North Korea Noted

SK0602112995 Seoul SEOUL SINMUN in Korean 6 Feb 95 p 2

[From the "Inside and Outside Voices" column]

[FBIS Translated Text] A businessman of a large group, who recently visited North Korea, said: "Most North Korean officials do not know the difference between capital and investment."

After returning home from discussions with North Korea on his group's investment in the Najin-Sonbong special economic zone, the businessman said North Korean officials "do not understand the capitalist way of investment to build a plant with a loan of 2 billion won from a bank after establishing a company with 1 billion won capital."

North Korean people do not have any idea about borrowing money from banks for investment, and they have no concept of interest. This is why they identify capital with a total investment. It seems natural for a communist country to have no concept of interest because interest is regarded as something of capitalist exploitation.

In North Korea, there is no concept of price or non-price competition, either. Accordingly, the investment survey team of this business group came to a conclusion that it is difficult to discuss investment issues with North Korean officials.

This is not the only problem in investing in North Korea. Labor- related problems are more serious than people expect. One can employ North Korean workers only through government organizations of North Korea, and employees often disappear even for several weeks after being called to a certain meeting or rally. North Korea's Joint Venture Law specifies that a joint-venture corporation's rights of operation, employment, and possession are approved, but this is not true.

There are many obstacles in realizing economic cooperation with North Korea. Nevertheless, some domestic enterprises are reported to have given a large amount of money to North Korea in a bid to obtain an invitation to visit the country. This is a result of excessive competition in investing in North Korea among domestic enterprises, which have already experienced great losses because of extreme competition among themselves in investing in the Middle East and East Europe in the past.

It is North Korea that should make desperate efforts to encourage South Korean enterprises' investment. However, an opposite phenomenon is seen. I regret that even domestic companies seem to have forgotten the capitalist way of investment. Large groups' businessmen's patience and wisdom of waiting until North Korea offers special favors to induce their investment is required.

Kim Chong-il Seeks Honors To Promote 'Cult'

SK0402021095 Seoul YONHAP in English 0200 GMT 4 Feb 95

[FBIS Transcribed Text] Buenos Aires, Feb. 3 (YONHAP)—De facto North Korean leader Kim Chong-il is seeking to obtain decorations, gifts and honorary doctorates from Latin American, African, Asian and Middle East countries in an attempt to promote his personal cult and North Korean missions in these countries are bearing the brunt of this effort, an influential Peruvian newspaper reported Friday.

EL COMERCIO said Kim wants to set a new record of personal cult on the occasion of his 53rd birthday, Feb. 16, showing up himself wearing decorations of many nations of the world.

The Parliament of Colombia has already resolved to confer a decoration upon the North Korean leader, the newspaper reported.

He has instructed North Korean missions in Latin American and Asian countries to earn honorary doctorates for him from universities in these countries and several universities in Peru and Colombia have already received such a North Korean request.

It is quite strange that heads of some universities in these countries are willingly cooperating in Kim's attempt, the report said.

North Korean missions in Latin American, African and Middle East countries have asked their host country governments to give Kim honorary titles or gifts on the occasion of his 53rd birthday.

EL COMERCIO called such a request a scheme to make Kim appear before the North Korean people as if he were the greatest man of the world.

In North Korea suffering from political and economic crises, corruption is rampant at all levels of administration and Kim Chong- il has become to distrust even his close associates, the newspaper said.

The communist country's big problem may come from the military which has shown a very sensitive reaction to the pressure of the United States and other Western nations for a freeze on its nuclear arms development program.

The North Korean military may involve itself in power struggle which might lead Kim Chong-il, who has become de facto leader of the reclusive country after the death of his father, Kim Il-song, in July last year, to step down from power, EL COMERCIO said.

"The farce of the younger Kim's personal cult in North Korea" would come to an end in the not distant future because of the failure of its socialism and South Korea's political and economic development, it predicted.

Kim's extravagant life-style and his incompetence as military leader, coupled with the mounting corruption as a result of his failing economic policy, would advance the collapse of the only Stalinist country of the world, the newspaper said.

U.S. Firm Plans To Study Imports From North

SK0402015595 Seoul YONHAP in English 0143 GMT 4 Feb 95

[FBIS Transcribed Text] Washington, Feb. 3 (YONHAP)—A group of a U.S. metallic mineral company officials will arrive in Pyongyang Saturday (KST) to study the feasibility of purchasing North Korean mineral products, a diplomat in the North Korean Mission to the United Nations said Friday.

The company, New York-based Cometal Co., will be the first U.S. enterprise to visit North Korea since the Clinton administration eased restrictions on trade with North Korea Dec. 20, according to the diplomat.

The Cometal Co. officials will study the possibility of buying magnesite, a mineral generally used in manufacturing refractory materials, and other minerals.

Meanwhile, some U.S. airline companies are reportedly studying the possibility of opening direct air routes to Pyongyang.

"U.S. officials are now complaining about their having to stop over in Beijing on their way to Pyongyang. Pyongyang already announced the opening of its territorial airspace late last year so that circumstances have ripened for inaugurating direct routes," he said.

But he admitted that the issue is yet to be discussed in earnest between the two countries.

U.S. Denies North Koreans Visited White House

SK0402011895 Seoul YONHAP in English 0107 GMT 4 Feb 95

[FBIS Transcribed Text] Washington, Feb. 3 (YONHAP)—The U.S. Government has denied as "groundless" a press report in Seoul Saturday that a group of North Korean religious people called on the White House at the invitation of the Presidential Office.

In this connection, an American official involved in the itinerary of the North Koreans in the United States said that they went there simply as ordinary tourists.

The official said that anybody is able to have a look around the White House if he queues up for a tour, emphasizing that visiting the Presidential Office merely as sightseers and official guests are completely different from each other.

A State Department official also refuted as fabulous the report that the North Korean religious people were accepted by American officials when they were visiting the White House at the invitation of the Presidential Office.

In addition, a White House spokesman said he had no knowledge of such report.

Meanwhile, two members of North Korea's Disarmament and Peace Research Institute and North Korea's deputy ambassador to the United Nations, Kim Chong-su, attended a breakfast meeting at the Carnegie Center in Washington hosted by the Korea Society.

Possible UN-Sponsored Joint N-S Projects Noted

SK0302072495 Seoul TONG-A ILBO in Korean 3 Feb 95 p 3

[Report by Kim Cha-ung from UN Headquarters in New York]

[FBIS Translated Text] On 1 February, Pak Su-kil, ROK ambassador to the United Nations, informed UN Secretary General Butrus Butrus-Ghali of 11 North-South joint projects that the ROK Government thinks are capable of being implemented immediately. Last May, the UN Development Programme [UNDP] selected and presented 20 projects that could be jointly enforced by the North and the South and requested two Koreas to inform the UNDP of the projects that have high chances.

Although North Korea has not given a reply until now, the UNDP intends to carry out the joint projects for the North and South as soon as the North replies.

The projects that the ROK informed the UNDP of as being worthy of promotion with North Korea were: establishing North-South environmental regulations; analyzing the influence of climate changes; mapping out joint countermeasures against water pollution; creating a map on biological variety; closely monitoring the environment; reporting on the ecosystem in the DMZ area; setting up a Northeast Asia environment cooperation network; building key transportation facilities in the Northeast Asia, including railways between the North and South; exchanging weather information; and unifying scientific terms between the North and the South.

Envoy Comments on Lessons of German Reunification

SK0402004895 Seoul THE KOREA TIMES in English 4 Feb 95 p 2

[Report by Son Kae-yong]

[FBIS Transcribed Text] New Korean Ambassador to Germany Hong Sun-yong said yesterday that all government agencies can learn lessons from the reunification of Germany.

"It is not easy to transplant the lessons of German unification to the Korean peninsula. However, we should exert more efforts to learn how reunification affected all walks of life in Germany," he said. He leaves for Bonn today.

Government officials should take a closer look at how former West Germany successfully blended East Germany political parties and intelligence agencies into its own systems in preparation for Korean reunification, he said.

Even though the National Unification Board handles almost all unification-related matters, other government agencies, along with the private sector, should study German reunification as "a common task," he said.

Hong said that one of his primary tasks is to form a joint front with Germany in settling the North Korean nuclear issue and resuming inter-Korean dialogue. Germany currently maintains an interest section at the Chinese Embassy in Pyongyang.

When asked about Germany's move to normalize relations with North Korea, Hong described as "appropriate" Bonn's current position that the North Korean nuclear issue should be resolved first before diplomatic ties are set up between the two countries.

Germany also believes that inter-Korean relations should be improved before Bonn starts full-fledged negotiations with Pyongyang over the issue, he added.

Hong also said that Germany backs Seoul's bid to gain a seat on the United Nations Security Council as a nonpermanent member.

With regards to Germany's bid to become a permanent council member, Hong said that Seoul maintains a similar approach to the aspirations of Germany and Japan which are currently endeavoring to join the council when the undergoing negotiations over the restructuring of the U.N. are wrapped up.

Korea, in principle, supports Japan's campaign to win a council seat. However, Seoul is opposed to Japan securing veto power at the council.

Amb. Hong portrayed Germany as emerging as the No. 1 country in Europe politically and economically after German reunification.

The former vice foreign minister said that he will try to deepen relations with Bonn which is already Seoul's fourth largest trading partner.

"In addition to political relations, I will stress the expansion of cultural exchanges and cooperation in science and technology," he said.

North Atomic Energy Experts Contact German Firm

SK0602023895 Seoul KBS-1 Radio Network in Korean 0200 GMT 6 Feb 95

[YONHAP from Berlin]

[FBIS Translated Text] Following the expert-level meeting on light-water reactors held in Berlin, the North Korean delegation held contacts with Siemens, a German builder of atomic energy facilities. This strongly hints that North Korea will continue to use the selection of the type of light-water reactors as a negotiating tool in dealing with the United States.

On 2 February, the day after the Berlin expert-level meeting on light-water reactors ended, two or three atomic energy experts of the North Korean delegation met with Siemens officials related to atomic energy facilities. Details of their contacts are not available as the two sides are keeping silent on the matter.

With the deadline for the agreement on the supply of light-water reactors set for 21 April, the North Korean move is analyzed to be one of its negotiating strategies to provide an advantageous ground for North Korea in negotiating with the United States, and technically support its position to refuse ROK-type light-water reactors.

Purpose of Move Analyzed

SK0602025695 Seoul YONHAP in English 0248 GMT 6 Feb 95

[FBIS Transcribed Text] Berlin, Feb. 5 (YONHAP)—North Korea contacted a German nuclear reactor maker after the conclusion of experts' talks with the United States, probably in an effort to obtain information on the German light-water reactor to use in its negotiation with the United States, a source here said Sunday.

The North Korean delegation visited Siemens Ltd. on Feb. 2, a day after the talks ended, and two or three North Korean nuclear experts met with several Siemens officials in charge of nuclear power plant facilities in Erlangen, a German city, according to the source.

The North Koreans showed interest in such fields as the control and safety of reactors, but further details on the contact have not been disclosed yet, the source said.

Other sources here analyzed the North Korean move as an effort to obtain data on Western nuclear reactors in a bid to support Pyongyang's current position not to accept the South Korean-style light-water reactor model.

At the Berlin talks, the United States noted that there is no alternative for the North but to accept the South Korean model, but North Korea reiterated its opposition to the South Korean model on grounds that it is "unsafe and unreliable."

French Weekly: North Missiles Sold to Zaire

SK0602005295 Seoul YONHAP in English 0044 GMT 6 Feb 95

[FBIS Transcribed Text] Paris, Feb. 5 (YONHAP)—North Korea appears to have completed a contract last December to sell to Zaire 18 Scud-C missiles worth 100 million U.S. dollars, the French news weekly LE POINT reported recently.

In its Jan. 28 issue, LE POINT said without quoting sources that Pyongyang is likely to deliver the Scud-C missiles with a range of 300 to 1,000 kilometers within 12 months, and that half of the price seems to have already been paid to North Korea.

Rumors about this strange missile transaction is drawing the attention of observers, who believe that if the contract is valid, the actual destination of the missiles wouldn't be Zaire but instead a third country.

Measures on Opening of North Airspace Planned

SK0602045895 Seoul YONHAP in English 0451 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—South Korea is studying steps to cope with North Korea's opening of its airspace to foreign airliners.

Measures being considered include the opening of the Seoul- Beijing route to other foreign airliners and a response to the proposed opening of a Tokyo-Seoul-Pyongyang-Beijing air route, according to a senior government official Monday.

North Korea announced December 12 that it would open its airspace and permit all foreign civil aircraft to land and take off from North Korean airports. North Korea had informed the International Civil Aviation Organization (ICAO) of the intended move, the statement added.

The Pyongyang announcement coincided with the launching of regular Seoul-Beijing flights by South Korean and Chinese flag carriers.

South Korea plans to take action only after North Korea makes concrete steps towards accepting the ICAO's international aviation passage agreement and opening the Tokyo-Seoul-Pyongyang-Beijing air route.

Opening of the Seoul-Beijing route may permit other foreign flag carriers, including those of Japan and the United States, to fly the route, according to the source.

Should the Tokyo-Seoul-Pyongyang-Beijing route be opened as first proposed by ICAO in 1980, the source said, it would not only link all major Northeast Asian cities by air, but also open air traffic between the two Koreas.

To work out South-North Korean aviation measures, the government will hold a joint session at the Construction-Transportation Ministry Monday afternoon with officials from the National Unification Board, Construction-Transportation and Defense Ministries and the Agency for National Security Planning attending.

World Vision Society Plans Grain Gift to North

SK0602084795 Seoul CHUNGANG ILBO in Korean 6 Feb 95 p 1

[Report by correspondent Kim Yong-sop]

[FBIS Translated Text] A large-scale exchange of materials is being pushed between the South and North on a private basis. The World Vision Society [Sonmyonghoe] (chairman: (Dean Hersh) [name as transliterated]), an international private charity organization, is planning to donate 200,000 to 300,000 tonnes of grain to North Korea, while North Korea will, in turn, send mineral water and timber to the ROK.

According to Sonmyonghoe Korea (president: Yi Yun-ku) and the National Unification Board on 6 February, President Yi, who is concurrently vice chairman of the World Vision Society, met in Beijing from 27 to 29 December 1994, with representatives from North Korean organizations, such as the Koryo National Industrial Development Association [KNIDA] and the Samcholli General Corporation of North Korea. There, President Yi exchanged an agreement on the grain donation with those North Korean officials.

It has been learned that if the government issues relevant permissions, six of the largest religious foundations of the ROK will also participate in this project under the sponsorship of the CHUNGANG ILBO and the Munhwa Broadcasting Corporation (MBC).

This agreement was signed and exchanged at the Great Wall Hotel in Beijing between Yi Yun-ku, vice chairman of the World Vision Society; and Yi Song-nok, KNIDA chairman, and Kim Pong-ik, president of the Samcholli General Corporation. The agreement contains a preamble and four clauses.

The agreement stipulates that the World Vision Society shall donate 200,000 to 300,000 tonnes of rice, flour, corn, and Indian millet flour to North Korea at an early date; that the grain shall be donated free of charge, but as circumstances may require, the repayment of the grain shall be made five years later; and a working-level procedure, including the timing of delivery and transportation of the grain, shall be finally agreed between the representatives from the two sides in Hunchun, the PRC, in early 1995.

The agreement also stipulates that as the first project, the World Vision Society shall deliver 500 tonnes of PRC-produced corn to the North side in Nanyang, the PRC, in January.

But, in recent days, there had been a rumor that KNIDA Chairman Yi Song-nok, a representative from the North Korean side, had been dismissed; and the ROK Government, too, had failed to fine-tune its own stance. In this connection, Sonmyonghoe's Yi Yun-ku notified the North Korean side of the postponement of the ratification of the agreement and of the delivery of corn, which had been scheduled to take place in Hunchun on 22 January.

Then, through a fax message on 16 January, the North Korean side asked that the Beijing agreement be implemented faithfully; and stated that North Korea would be able to send to South Korea mineral water, raw rubber, mineral ore, sugar, and sugar powder in return for the World Vision Society's grain supply.

In addition, the North Korean side has asked that the World Vision Society should contact the International Trade Promotion Committee of North Korea instead of the KNIDA.

Yi Yun-ku of the Sonmyonghoe has said: Though not stipulated in the agreement, the two sides reached an agreement that for fund- raising purposes to donate the grain, the Sonmyonghoe Korea shall seek the cooperation from the ROK's six largest religious groups, such as Protestants, Buddhists, Won Buddhists, Confucian followers, Chondoists, and Roman Catholics; that the World Vision Society will seek the cooperation from all of its member countries; and that North Korea's KNIDA will seek the cooperation from various religious organizations, including the Christians Federation of North Korea, to collect pertinent materials or cash.

Upon returning home, Sonmyonghoe Korea President Yi notified the government and the representatives of the six religious groups of this fact; and the religious leaders expressed their willingness to actively cooperate with this.

Besides, on 5 January, the World Vision Society sent an emergency message to its branch offices in about 20 major countries throughout the world, such as the United States, the UK, Germany, and Australia, informing them of the fact that the agreement had been exchanged, and seeking their cooperation.

Seoul Not Opposed 'in Principle'

SK0602093895 Seoul YONHAP in English 0930 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—The South Korean Government is not opposed in principle to any humanitarian donation of food grains to North Korea, a Unification Board official said Monday.

"The government position is that if there is a guarantee assuring donated grains would reach the North Korean people without fail, the government won't oppose it from the humanitarian point of view," board spokesman Kim Kyong-ung said.

He was commenting on the local report that the World Vision plans to donate a large amount of grains to North Korea in exchange of mineral water and some other North Korean goods.

The spokesman expressed the concern, however, that the grains bound for North Korea could be used as military provisions.

The board has been informed that the World Vision signed an agreement on the donation with a couple of North Korean organizations in Beijing toward the end of last year, but received no formal request as yet for any consultation thereon.

A report appearing in the CHUNGANG ILBO daily news Monday said the World Vision, an international charity organization, had agreed with North Korea to donate 200,000 to 300,000 tons of South Korean food grains to the North in exchange of mineral water and other items.

The agreement was signed by Yi Yun-ku, vice president of the World Vision and president of the Korea World Vision, and the representatives of the North's Koryo People's Industrial Development Council and Samcholli General Co., it said.

Gorbachev Arrives for Green Cross Symposium

SK0502085495 Seoul YONHAP in English 0850 GMT 5 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 5 (YONHAP)—Former president of the now collapsed Soviet Union Mikhail Gorbachev repeated Sunday [5 February] his willingness to arrange summit talks between the South and North Korea, saying "Now is the time for the South and North Korea to have summit talks after the end of the Cold War era."

"The most important thing in solving the South-North problem will be understanding each other," said Gorbachev who arrived in Kimpo Airport Sunday afternoon to attend a symposium Monday sponsored by Green Cross Korea, the Korean chapter of the international environment group Green Cross International headed by Gorbachev.

Who added [as received] that North Korea is destined to change even under the regime of Kim Chong-il, emerging as the successor to the late Kim Il-song and that the pace of the change should be very fast.

He hoped that such change could be linked to economic cooperation between the two Koreas, serving as an occasion to promote movements toward peaceful reunification of the Korean peninsula.

The former Soviet Union president, who launched the perestroyka or reconstruction of his country, stressed the importance of environment as priority issues, adding "I will try to solve international environmental issues in cooperation with Green Cross Korea and other chapters."

He will attend a two-day event starting Monday and receive an honorary doctorate degree from Kyonghui University Wednesday before leaving Seoul Thursday.

Says Unification Already Begun

SK0602121895 Seoul YONHAP in English 1134 GMT 6 Feb 95

[FBIS Transcribed Text] Kwangju, Feb. 6 (YONHAP)—Former Soviet Union President Mikhail Gorbachev said here Monday the process of Korean unification has already begun.

"I firmly believe that in the flow of global changes, the process of South-North unification has already begun and will go on in the days to come," Gorbachev said.

The former USSR president made the remarks in a speech made at a lecture session held at Sinyang Park Hotel to commemorate the inauguration of the Kwangju-Chonnam regional headquarters of the Korean Green Cross.

"It would be good for the two Koreas to begin dialogue now," he said, observing there could be positive economic cooperation, arms reduction and dispersed families reunion between the two sides of Korea.

He stressed that these are the Korean people's own business which he said cannot be done by any other people.

"Yet, you can have help from foreign politicians or third countries," Gorbachev said, making it clear he himself is willing to arrange South-North dialogue.

Saying that Kwangju citizens displayed a fervid democratic passion to the rest of Korea and the world a while ago, Gorbachev said he was pleased to visit such a Kwangju.

Gorbachev who was visiting Korea in the capacity of the president of the International Green Cross, said the most serious issue that has emerged after the demise of the Cold War is the environmental question.

"If the issue of environmental pollution is left unchecked, our survival itself will be endangered," the Green Cross president said. He then stressed the need of legislating a rigid law for environmental protection.

Prior to the lecture, Gorbachev visited the Asia Motor Co. plant in Kwangju.

'Willing To Arrange' N-S Summit

SK0402095295 Seoul YONHAP in English 0746 GMT 4 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP)—Mikhail Gorbachev, former Soviet Union president, said in Tokyo Saturday [4 February] that if circumstances warrant it, he is willing to arrange an inter-Korean summit meeting, the CHUNGANG Daily News [CHUNGANG ILBO] reported.

The daily's dispatch from Tokyo said that Gorbachev told CHUNGANG in an exclusive interview at the Okura Hotel he is interested in running in a Russian presidential election slated for next year.

The last president of the now non-existent Soviet Union said that surrounding countries' cooperation is essential to easing tension and cementing peace on the Korean peninsula.

"What is most important is for the two Koreas to promote confidence building and have sincere talks," Gorbachev said.

Asked if he is willing to visit North Korea to arrange a South- North summit meeting, the ex-USSR leader said this is a matter that would depend entirely on the intention of the North Korean leadership.

He added, however, he is concerned about this issue and would like to step forward positively once proper circumstances and opportunity are provided.

On the possibility of his candidacy in the next year's Russian presidential election, Gorbachev said it is true he is thinking about a role he can play for his country.

"If I am given an opportunity, I would like to accomplish perestroyka," he said.

Mr. Gorbachev is set to fly into Seoul Sunday to attend the inauguration of the Korean Branch of the International Green Cross he heads.

Seoul Decides To Participate in U.S. TMD

SK0602034195 Seoul CHOSON ILBO in Korean 6 Feb 95 p 1

[Report by Yim Tong-myong and Yu Yong-won]

[FBIS Translated Text] It has been learned that the government has decided to participate in the U.S. program to develop a TMD (theater missile defense) system, the program aimed at developing a system of intercepting, in the air, an enemy's strategic and tactical ballistic missiles.

On 5 February, one high-ranking Ministry of National Defense [MND] official stated: "We have decided to participate in this program in view of our friendly relationship with the United States. The United States has asked us to take part in the TMD development program, and about the possibility of our obtaining ultramodern technology and information. If we should earnestly participate in the TMD development program, which will cost a lot, it is feared we will have to bear too big a share of the development cost. We are going to participate, therefore, only in the primary-level stage of research, which will cost relatively little."

It has been learned that the Korea Institute for Defense Analyses (KIDA), which has studied the feasibility of ROK's participation in the TMD development program at the request of the MND, reported to Kim Tong-chin, chairman of the Joint Chiefs of Staff [JCS], in late January as follows: "At the primary-level stage of research, we will be able to attain many gains from a relatively small expenditure of less than 10 billion won."

Defense experts oppose the idea of participating in a full-dress stage of the TMD development program—not in the primary-level stage of the program—because TMD's efficiency is too low in view of the short distance between South and North Korea, and of the short time available to intercept North Korea's Scud and Nodong No. 1 missiles due to the topographical characteristics of the Korean peninsula.

Since 1993 the United States has asked the ROK on several occasions to take part in the TMD development program. Last month, three colonels from the U.S. Department of Army, who are responsible for the TMD development program, visited the ROK. They actively pushed the idea of jointly developing the TMD program by briefing MND and JCS officials concerned on the details of the TMD program.

Japan, another country which the United States has asked to participate in the TMD development program, has been showing an active movement to participate in the program by establishing a TMD office at the Japan Defense Agency at the end of last year.

Foreign Minister Kong Departs for U.S., Japan

SK0402100995 Seoul YONHAP in English 1003 GMT 4 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP)—Foreign minister Kong No-myong left the country Saturday [4 February] afternoon on a nine-day overseas trip that will take him to Washington, United Nations headquarters in New York and Japan.

In Washington on Monday, minister Kong will meet with U.S. Secretary of State Warren Christopher to reaffirm the close cooperative system existing between the two countries on the North Korean nuclear issue.

The two ministers are also expected to discuss security and other pending issues like those on trade.

During his visit to the UN Headquarters, Kong will talk with UN Secretary-General Butrus Butrus Ghali on the issues of South Korea's bid to obtain a non-permanent seat of the UN Security Council and of staging commemorative programs to mark the 50th anniversary of the world organization.

In Tokyo, he will have a Korea-Japan foreign ministers meeting to exchange opinions on matters of common interest.

Arrives in Washington, D.C. 4 Feb

SK0502080195 Seoul YONHAP in English 0756 GMT 5 Feb 95

[FBIS Transcribed Text] Washington, Feb. 5 (YONHAP)—Foreign Minister Kong No-myong arrived in Washington Saturday (Sunday afternoon in Korean local time) to embark on his seven-day official visit to the United States and the United Nations.

During the first visit to the United States since taking office as foreign minister, Kong will meet with U.S. State Secretary Warren Christopher on the international politics surrounding the Korean peninsula, the launch of the Korea Energy Development Organization (KEDO) and a variety of bilateral and multilateral issues.

Kong will also discuss trade and security issues with U.S. Trade Representative Mickey Kantor, Defense Secretary William Perry and National Security Adviser Anthony Lake.

He will also have talks with U.S. Congressional leaders to explain them on Seoul's position on the Pyongyang-Washington agreed framework on the former's nuclear program.

He will then fly to New York to meet with the UN Secretary General Butrus Butrus-Ghali and ambassadors to the UN from a variety of countries to seek support for Seoul's bid to join the United Nations Security Council.

Discussion on N-S Dialogue Planned

SK0602002095 Seoul KBS-1 Radio Network in Korean 2300 GMT 5 Feb 95

[FBIS Translated Text] Foreign Minister Kong No-myong is expected to formulate a joint ROK-U.S. cooperative plan to induce North Korea to participate in inter-Korean dialogue at the ROK-U.S. foreign ministers' talks on 7 February. Washington correspondent Yi Hyon-chu reports:

[Yi Hyon-chu] The ROK and the United States are planning to constructively reformulate the basic framework for joint cooperative strategy for overall inter-Korean relations, including the preadjustment of the timing of the establishment of the liaison offices of the United States and North Korea.

If North Korea continues to maintain a negative attitude toward inter-Korean dialogue, the ROK and the United States will jointly consider a plan to readjust the timing of the establishment of the liaison offices of the United States and North Korea. At the same time, in case North Korea should avoid inter-Korean dialogue even until the signing of the light-water reactor supply agreement, which is scheduled for 21 April, the ROK and the United States will prepare a tougher joint cooperative framework.

A government official concerned said that since the ROK and the United States share the view that progress in U.S.-North Korean relations should be in harmony with progress in inter-Korean dialogue, the joint cooperative strategy between the ROK and the United States for the development of inter-Korean dialogue will be considerably reinforced. The official added that the ROK-U.S. strategy on this matter will be outlined in the ROK-U.S. foreign ministers' talks between Foreign Minister Kong No-myong and U.S. Secretary of State Christopher.

In the meantime, Foreign Minister Kong No-myong, who is visiting the United States, will also meet Perry, U.S. secretary of defense, and Lake, White House aide for foreign policy and security affairs, to reconfirm ROK-U.S. security cooperative relations, including the continuous presence of U.S. troops in the ROK.

'Diplomatic Sources' Comment

SK0602021195 Seoul YONHAP in English 0203 GMT 6 Feb 95

[FBIS Transcribed Text] Washington, Feb. 5 (YONHAP)—South Korean Foreign Minister Kong No-myong will meet his U.S. counterpart Warren Christopher Monday afternoon to discuss pending issues on resuming inter-Korean dialogue, improving U.S.-North Korean relations and coordinating their positions on the implementation of the Washington-Pyongyang nuclear agreement in Geneva last year.

During his stay in the United States, Kong is also scheduled to conduct a series of talks with U.S. Trade Representative Mickey Kantor, White House Security Advisor Anthony Lake, Defense Secretary William Perry and other senior officials to discuss bilateral economic issues and common interests for mutual security cooperation.

While meeting the officials of the Clinton Administration, Minister Kong is to convey Seoul's firm position that the improvement of Washington-Pyongyang relations must run parallel with the progress of South-North Korean relations. Kong is expected to urge them not to hasten the establishment of liaison offices between Washington and Pyongyang if inter-Korean dialogue is not resumed.

However, reliable diplomatic sources here noted that the issue of opening liaison offices may not be necessarily connected with inter- Korean dialogue. They emphasized that the adoption of the South- Korean model to provide light-water nuclear reactors to Pyongyang and the progress of inter-Korean relations are the two main axes mutually supporting the implementation of the Geneva nuclear pact.

Meanwhile, the United States is reportedly judging the opening of the liaison office between Washington and Pyongyang will contribute to the resumption of inter-Korean dialogue, and this American position may emerge as a sensitive issue between Seoul and Washington.

Earlier, U.S. Deputy Secretary of State Strobe Talbott hinted at the possibility of resuming inter-Korean dialogue after opening the liaison offices which he viewed will serve the interests of both South Korea and the United States.

The Seoul government is reportedly determined to establish a joint strategy with the U.S. Government so that North Korea must respond to the inter-Korean dialogue while accepting the South Korean model of the light-water nuclear reactors before April 21, the deadline of the reactor supply accord.

In particular, Defense Secretary Perry is likely to reaffirm the U.S. defense commitment to South Korea and to address the weapons purchase issue to reinforce the war capability of South Korean Armed Forces.

During the meeting with Trade Representative Kantor, Minister Kong is scheduled to request American support for the nomination of South Korean trade ambassador Kim Chol-su to become the secretary- general of the World Trade Organization (WTO).

They are also to discuss details of bilateral trade issues such as Seoul's expansion of the automobile market for the United States and the protection of intellectual property ownership.

Daily Views U.S. 'Double-Dealing' Tactics

SK0402084495 Seoul CHOSON ILBO in Korean 4 Feb 94 p 5

[Article by editorial writer Yu Kun-il: "The Strange Acts and Moves of the United States"]

[FBIS Translated Text]

Act To Play With Both North and South Korea

If one views it positively, the United States is maintaining the peace on the Korean peninsula; in a biased interpretation, the United States is attempting to play with [kajigo nollyogo hago itta] both North and South Korea. Since we have to admit that the Korean peninsula "cannot move by itself" outside the sphere of influence of the superpowers, it is much better that the U.S. sphere be left intact rather than accepting the sphere of the PRC or Japan. In view of this, our choice to lay the foundation of the nation's security on the ROK-U.S. alliance can be defined as righteous. Furthermore, it is also reasonable and just that such a choice should continuously remain effective.

A series of situations that recently took place, however, make us keenly aware of the necessity to expand the sphere of our actions while deepening the ROK-U.S. alliance. A "series of situations" means "a complex equation of higher degrees" produced by the change in U.S.-North Korea relations. The mathematics up to now was simple and clear; "the ROK plus the U.S.A" versus "North Korea" was sufficient and satisfactory. The situation, however, has now clearly changed to "the ROK plus the U.S.A." versus "changes in U.S.-North Korea relations." The "changes" in U.S.-North Korea relations can be interpreted as a "process" toward an "improvement" in U.S.-North Korea relations.

If we try to understand the situation based on this perception, we may realize "why" the United States acted in such a manner that seems strange to us. For example, the United States demands we should shoulder 75 percent of the finances required for supporting light-water reactors; following the helicopter incident, the United States conveyed North Korea's demand for abolishing our National Security Law; and it is still uncertain if the United States will insist on ROK-style reactors in the event North Korea refuses "ROK-style" reactors to the end. These are U.S. acts that are "different" from those of the past. These are all a product of the U.S. game of "playing with both North and South Korea."

It appears the United States adheres to the "double-dealing tactics" of continually maintaining an alliance with the ROK while sometimes ignoring the ROK's position in an attempt to appease and soothe stubborn North Korea. This is the U.S. "complex equation of higher degrees" as regards the Korean peninsula.

In view of the situation facing us, it is inevitable that we comply with the great framework of the U.S. global and Northeast Asian strategy.

Full Operation of Diplomacy Is Earnestly Needed

In today's changed situation, however, such double-dealing tactics may result in our alienation from North-South issues and in making "the North gain something while we gain nothing." This is precisely why the direction of our security and diplomacy, as well as our overall national strategy, should be amended and readjusted.

How, then, should we readjust? I wish to express this in a single phrase: "Expand the ROK's diplomatic sphere based on ROK- U.S. friendly relations." In the past, did we really have a "fully- operative diplomacy?" We should reflect over whether we merely pursued a U.S. and Japan-leaning diplomacy, in which we had to "cough" in Seoul when Washington caught a cold, and whether we merely remained satisfied with this diplomacy. It is true that our Foreign Ministry officials competitively volunteered to work in the United States and Japan, unwilling to be assigned to other areas. Our "diplomacy" itself was recognized as merely bureaucratic and protocol activities, lacking any productivity and "positive undertakings" in our work and duties.

It is no exaggeration to say we lacked the will and ideas for diplomatic objectives needed to secure our own share by discovering our own "cracks and weaknesses" in strategic areas in the world. In other words, we merely implemented a "dependent diplomacy [pyonsung oegyo]," regarding the U.S. share as our own.

Lack in Talent and Self-Confident Boldness [subhead]

The United States, however, recently began to show its stance that "U.S. shares are the shares of the United States, and if need be, even the ROK shares can be offered." The request to dispatch ROK combat forces to Bosnia to settle its internal conflict is an example. This being the reality, we should also strive to "fill our own purse ['nangtag'ul haeya handa]." To do so, we should frankly admit "the possibility of conflicting ROK and U.S. interests," and thus put the ROK-U.S. alliance in tune. To do this, we need a measure to live up to in relations with the United States. Just like North Korea, we could adopt a policy to develop nuclear weapons. Apart from this position, we should at least prepare some cards "that we can put forward to direct our actions when dealing with U.S. acts."

Although it may sound vague, we should retain certain evidence to prove we have our own method of "acting differently in different places," for example "the China card" or "the Malaysia and Singapore card." For instance, the United States and the PRC are struggling in the international arena to gather votes over the PRC's human rights issue. Needless to say, we should side with human rights from a standpoint of values.

In view of the necessity of international politics, however, we could take the following position: "The ROK will not sympathize with U.S. arguments against the PRC's human rights violations until the United States officially raises North Korea's human rights issue with the North Korean authorities." If necessary, we may take sides with Lee Kuan Yew, who paddled an ill-bred American boy, thereby breaking away from an out-and-out pro-U.S. line in the Asia-Pacific Economic Council arena. Concerning North-South relations, we may assert that "we will conditionally offer money to support light- water reactors," thus behaving perversely to some extent. The problem, however, is it seems unlikely our diplomacy will have such self-confident boldness [paetchang] and talent.

Officials on Effect of U.S.-PRC 'Trade War'

SK0602042395 Seoul CHOSON ILBO in Korean 6 Feb 95 p 1

[Report by Kim Yong-su]

[FBIS Translated Text] Even though it is expected that the U.S.-PRC trade war will, of course, exert a small positive influence on ROK's exports to the United States; exports to the United States from about 1,000 ROK enterprises that have advanced into the PRC, will, in reality, greatly suffer.

In particular, with its trade retaliation against the PRC as momentum, the United States will expectedly increase its pressure on foreign countries, including the ROK, regarding its bilateral trade with those countries. Therefore, it is analyzed that the United States will also increase its pressure on the ROK to open up more markets.

According to an announcement by the Ministry of International Trade and Industry [MITI] on 5 February, out of the 35 items—such as textiles, foot gear, electronics, cordless telephones, plastics, and bicycles—on which the United States has imposed retaliatory tariffs of 100 percent, there are many items that are also produced by the ROK. Therefore, it is expected that ROK enterprises based in the PRC will suffer.

Han Yong-su, deputy director-general of MITI Trade Bureau III, analyzed: "It is highly likely that the U.S.-PRC trade war will be settled before 26 February. If this situation is protracted, however, ROK enterprises based in the PRC will be the first to suffer."

Presently, about 1,000 ROK enterprises have invested a total of $1.5 billion in the PRC.

Furthermore, with this incident as momentum, it is feared the United States will exert stronger pressure on the ROK to lift its restrictions on meat imports, lower its tariffs on automobiles, lower its inspections standards of foods going through customs, and open its financial markets, which are the trade issues pending between the ROK and the United States.

Han Tok-su, director of MITI Office of Commerce and Trade, expressed his concern, stating: "There will be a small positive influence on ROK's exports to the United States, in actuality, however, because there is a differentiation between PRC and ROK goods, there will only be a trifling effect on the ROK. The U.S.- PRC trade war will generally create an unfavorable atmosphere in U.S.-ROK trade relations."

In the very nick of time, Foreign Minister Kong Nomyong is visiting the United States and MITI Minister Pak Chae-yun will attend trade negotiations in Washington from 12 to 15 February. Thus, it is also said they are visiting Washington at the worst time.

Export 'Fruits Will Not Be Big'

SK0602064295 Seoul YONHAP in English 0636 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—Recent Washington-Beijing trade disputes will not greatly influence South Korea's exports to the United States or South Korean companies in China, the International Trade and Industry Ministry announced Monday.

Should the U.S. steps against the socialist country be materialized, only 60 out of 1,400 South Korean firms, which are under operation in China, may be affected in their shipments to the United States, according to the ministry.

The number of Korean manufacturers advancing into China stands at 1,200 with a total investment of 800 million U.S. dollars. Their business fields include petrochemistry, metal, textile and footwear assembly, and the food and beverage industry, the ministry said.

As the United States has imposed 100-percent tariffs on 35 Chinese export items, South Korea's exportation of some items such as mobile telephones, and sports and leather products to the United States is likely to increase, analyzed the ministry, adding, "But the fruits will not be big."

The ministry noted it cannot measure the prospected increasing export amount at present.

U.S., South America Study Supporting WTO Bid

SK0602094095 Seoul YONHAP in English 0834 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—The United States and South American countries will consider supporting Kim Chol-su in the race for the top post for the World Trade Organization (WTO), if former Mexican President Carlos Salinas withdraws from the three-way competition which also involves former Italian Trade Minister Renato Ruggiero, according to Kim Chol-su Monday.

Briefing reporters on the outcome of his tour of five South American countries and the United States during the last three weeks to appeal for support for his candidacy, Kim also said, "officials, lawyers and trade experts in the United States and South American countries told me on a private basis that it would be difficult for Salinas to continue to remain the candidate for the WTO director general because of the financial crisis in Mexico which Mexicans blame on Salinas."

The official position of the countries, however, is that they support Salinas unless he withdraws from the race, said Kim who returned to Seoul Sunday from a three-week tour of Colombia, Chile, Argentina, Uruguay, Brazil and the United States.

While in Washington, Kim met with U.S. Trade Representative Mickey Kantor and officials of the State Department and the White House to seek support and explain his blueprint for the operation of the WTO if he is selected as the chief WTO official.

He also explained the role that he could play in running the world's largest economic body as an official from a country which can bridge the gap between developed and developing countries.

Among other themes Kim conveyed to the United States officials, who can have a greater say in the proceedings for the selection of the first WTO director general, was that it would be undesirable for a person belonging to a certain trade bloc to take over the head post for the WTO.

Dismissing press reports that he would seek the post of one of three deputy director generals of the WTO if he fails to get enough support for the position of director general, Kim flatly said that he has no interest in being a WTO deputy director general.

Kim said that he will embark on another tour of six countries including England, France, Belgium, Switzerland, South Africa and Israel next Monday to gather backing for his bid for the WTO chief post.

Stressing that Leon Brittan, vice president of the European Union Commission, had expressed the view, while visiting Washington last week, that the three candidates all have excellent qualifications for the post, Kim dismissed as unprobable the possibility of the emergence of a fourth candidate to break the deadlock over the three-way race.

The competition is expected to end by March 15 through a consensus among all the member countries of the WTO.

U.S. Group on Semiconductor Producers' Top Sales

SK0302050195 Seoul THE KOREA TIMES in English 3 Feb 95 p 8

[By Staff reporter Choe Won-sok]

[FBIS Transcribed Text] Korea's big three chip makers—Samsung Electronics, LG Semiconductors and Hyundai Electronics—swept the top three rungs of the ladder of the list of the world's semiconductor manufacturers in terms of total sales growth last year.

According to Data Quest, a U.S. organization specializing in the global chip market, LG Semiconductors and Hyundai shared first place with both turnover growth of 90 percent last year.

Specifically, LG's total sales amounted to $1.797 billion and Hundai's registered $1.621 billion.

Samsung was placed third with total sales increasing 61 percent to reach $4.893 billion.

Trailing the three Korean makers among the top 10 chip producers in the area of turnover increase were Siemens of Germany, five Japanese companies—Sony, Fujitsu, Mitsubishi, Toshiba and Hitachi—and Texas Instruments of the United States.

Siemens' total sales grew 37 percent to $2.075 billion, Sony's 33 percent to $1.866 billion, Fujitsu's 32 percent to $3.858 billion, Mitsubishi's 32 percent $3.735 billion, Toshiba's 29 percent to $7.527 billion, Hitachi's 29 percent to $6.485 billion and Texas Instruments' 29 percent to $5.280 billion.

Last year, Samsung took a 4.5 percent share of the world's semiconductor market becoming the fourth largest maker.

Ahead of Samsung were Toshiba (6.9 percent), Hitachi (5.9 percent) and Texas Instruments (4.8 percent).

LG Semiconductors held 1.6 percent of the world market, Hyundai 1.5 percent, Siemens 1.9 percent, Fujitsu 3.5 percent and Mitsubishi 3.4 percent.

In North America, Samsung's sales rose 41 percent to $1.555 billion. Samsung placed fifth in sales in the region with a 4.4 percent share of the market.

LG Semiconductors' sales rose 304 percent to $570 million (18th with a 1.6 percent share) and Hyundai' increased 63 percent to $540 million (15th with a 1.5 percent share).

In Europe, Samsung's sales soared 97 percent to $1.070 billion (seventh with a 6 percent share), LG Semiconductors' climbed 103 percent to $272 million (17th with a 1 percent share) and Hyundai's rose 62 percent to $217 million (19th with a 0.9 percent share).

Samsung placed second in sales in the Asian market with $1.750 billion (up 44 percent, a 7.2 percent share).

In the same market, LG Semiconductor ranked ninth with $847 million (up 44 percent, a 3.6 percent share) and Hyundai placed 12th with $721 million (up 123 percent, a 3 percent share).

The sharp increase in global total sales by the three Korean chip makers last year was attributed to a boom in the world market for personal computers using 4M DRAM (mega dynamic random access memory) chips.

Samsung, the leader in the world's memory semiconductor industry, developed the world's first fully working die for 256M DRAM chips last year.

Kim Yong-sam Meets Japanese Nobel Laureate

SK0402094395 Seoul YONHAP in English 0739 GMT 4 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP)—President Kim Yong-sam met visiting Japanese novelist

Kenzaburo Oe, winner of last year's Nobel Literature Award, at Chongwadae [presidential offices] Saturday [4 February].

During the meeting, President Kim emphasized that more weight should be placed on the future rather than on the past in relations between South Korea and Japan.

"To this end, it is necessary for intellectuals to frankly admit the past according to the dictate of their conscience," Kim was quoted as saying by his spokesman Yun Yo-chun.

Mr. Oe was in Seoul to attend a symposium jointly sponsored by the Christian Academy of Korea and the Iwanami Shoten of Japan on the theme of "50th Anniversary of Liberation and War Defeat."

Taiwan Withdraws Duties on ROK Petrochemicals

SK0602020195 Seoul YONHAP in English 0111 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—The Taiwanese Government recently decided to withdraw its anti-dumping duties on South Korean and Japanese petrochemicals, the Korea Petrochemical Industry Association said Monday.

The Taiwanese Ministry of Economic Affairs recently notified the association of the decision to eliminate the duties on polyethylene (PE) and polypropylene (PP) made in South Korea and PP made in Japan.

The decision came as the international price of major synthetic resins soared from the second half of last year and as South Korea's export prices of the goods rose higher than the domestic prices.

An official at the association said that South Korean exports of the goods are expected to resume in March or April after the decision is officially announced.

Taiwan imposed 4.17 to 9.45 percent and 4.77 to 35.01 percent of anti-dumping duties on South Korean PE and PP respectively in March last year, citing that low price exports of the South Korean synthetic resins had greatly damaged the Taiwanese petrochemical industry.

The imposition of the anti-dumping duties almost completely suspended South Korea's exports of the synthetic resins to Taiwan, which had been the fourth largest importer of the South Korean goods following China, Hong Kong and India.

Daewoo Group, SRV Agree on Hanoi Compound City

SK0502044095 Seoul HANGUK ILBO in Korean 5 Feb 95 p 1

[Report by Yi Chong-sin]

[FBIS Translated Text] The Daewoo Group will develop a new city on a 45-million pyong site in Hanoi, capital of Vietnam. The area of the new city is 50 times as large as Youido in Seoul. The Daewoo Group plans to build a diplomatic complex, an industrial complex, and residential buildings in the city, which has a housing capacity of 1 million people.

The Daewoo Group will set out a phased design plan in February with an initial investment of $625 million and complete it before 2000. Daewoo assumes the whole construction project will cost over $3 billion if it receives additional construction orders, such as an order to build apartments following the completion of the planned construction of those complexes.

According to the Ministry of Trade and Industry and the business sectors concerned on 4 February, the Daewoo Group agreed with Vietnam to build a new large compound city on a 45 million-pyong site on both sides of the Hong River in Hanoi to ease the city's serious housing problems. The Daewoo Group divides this project into three stages—the development of a new city in Hanoi, land development of Saidong [name as transliterated], and the construction of a diplomatic complex and other complexes. Daewoo will work on this project in stages beginning in February.

The Daewoo Group plans to first build a 30 million-pyong city at Pudong and Van Tri Marci [names as transliterated] in Hanoi and will sign a contract with Vietnam before the end of February. The Daewoo Group also plans to build a 6.8 km expressway connecting the center of Hanoi and a road to the Hanoi Airport and to use the payment for this construction to purchase sites for the planned development project. The Daewoo Group will invest a total of $500 million to build a new city at Pudong, where it plans to build a residential district for a population of about 800,000 people.

The Daewoo Group will also build an industrial complex on a 9- million pyong site in Saidong for an influx of updated industries, such as motor and electronic industries, as well as build residential and commercial complexes covering a total area of 3.6 million pyong.

Seoul Assures 'Hot Money' No Threat to Economy

SK0302050295 Seoul THE KOREA TIMES in English 3 Feb 95 p 9

[Report by Yi Chang-sop]

[FBIS Transcribed Text] Government officials and Western bankers yesterday downplayed the alleged dangers that "hot money" represents to the Korean economy with the government's announcement of the implementation of the first-phase of the five-year foreign exchange system reform plan.

They said Korea will continue to be free from the nightmares that hot money can lead to at least until the end of this decade due to the step-by-step opening of the local money, bond and stock markets.

Even though the Ministry of Finance and Economy [MFE] has unveiled programs to end its iron-fisted controls on capital inflows and outflows, it has not opened an outlet for foreign hot money to move in and out of Korea swiftly, they added.

They were reacting to the growing worry that the recent exodus of foreign portfolio capital out of Korea "ominously indicates" that the nation may be shaken by foreign speculators.

Kim Chang-nok, officer in charge of international finance at the ministry, said, "It is nonsensical for people to exaggerate the negative effect of hot money on the Korean economy at this stage."

A Western banker in Seoul said that the five-year foreign exchange system reform plan does not mention when the Korean money and bond markets will be fully opened to foreigners. Thus at least over the next five years, foreign hot money will not legally be able to find its way into Korean money market instruments and bonds, he said.

The government will not open more than 1-2 percent of the 130 billion dollar bond market before the end of this decade. Thus although Korean bonds are quite attractive to foreigners due to the high interest rate here, foreigners will not be able to put their money in these debt instruments, analysts said.

The local money market where certificates of deposit and commercial paper are traded, will continue to be off-limits to foreigners at least until 1999, they said. This also blocks the manipulation of foreign hot money in the money market, they noted.

Even if Korea has opened 12 percent of its stock market to foreigners, foreign portfolio capital should not be regarded as a "hot money" because investment in stocks does not always guarantee capital gain, the Western banker and other analysts said.

According to the textbooks, stock investment is not regarded as a place for hot money, they added. Furthermore, foreigners have taken more long-term views than Koreans have in stock investment here.

The MFE's Kim said foreign stock investors have withdrawn 100-200 million dollars monthly over the past three months. But such outflows are no source of worry for the Korean economy with its annual GNP of more than 300 billion dollars, he added.

In Mexico, 3-4 billion dollars had been flowing out of the Latin American country every two or three days from December last year, an American banker said. But in Korea, there is little possibility of such a sudden exodus of huge amounts of foreign capital.

The MFE has also emergency tools to curb the sudden flow of hot money in and out of Korea in case of such emergencies as a North Korean military excursion against the South. One of its powerful tools to check hot money is the foreign exchange equalization fund. The government can use, at any time, its money to defend the value of the won currency against the dollar. Another tool is the levying of penalty rates on short-term hot money flowing into Korea under the so-called variable deposit requirement (VDR), government officials said.

Seoul: Foreign Trainees To Receive Minimum Wage

SK0302123995 Seoul YONHAP in English 1212 GMT 3 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 3 (YONHAP)—The South Korean Government has decided to apply the minimum wage system and several other key provisions of the Labor Standard Law to foreign industrial trainees in the country as well.

A meeting of senior officials from relevant offices Friday [3 February] resolved to revise related regulations to this end within the month for immediate implementation.

The provisions to be made applicable to foreign workers too will include the prohibition of forced work, 44-hour-a-week work system and direct payment of wages.

In addition, when a foreign worker suffers injury during work, he or she will be entitled to enjoy benefits under the Industrial Disaster Insurance Law.

In return, overall control of foreign workers will be tightened.

Any one deserting one's assigned workshop will be promptly deported and a Korean employer hiring a deserter-worker will be criminally punished.

And pre- and post-entry orientation training will be extended from the present six days to two weeks before entry and from two days to a week after entry.

The meeting, presided over by Vice Labor Minister Choe Sung-pu, was attended by bureau-director-level officials from nine ministries.

Hyundai's Acquisition of AT&T Division Approved

SK0402025895 Seoul YONHAP in English 0246 GMT 4 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP)—The Bank of Korea (BOK) approved Friday Hyundai Electronics Ind. Co.'s plan to acquire AT&T's GIS MDP (Global Information Solutions Co. Micro-Electronics Products Division) for 340 million U.S. dollars.

The go-ahead was given merely a week after the company sought approval for the acquisition.

The unusually quick approval is regarded as the first solid sign that the Kim Yong-sam government is poised to ease restrictive measures it has taken against the Hyundai Business Group apparently out of its resentment over group founder Chong Chu-yong's meddling in politics.

Encouraged by that approval, business sources said, the Hyundai Group plans to make another try to obtain 1.5 trillion won (1.9 billion U.S. dollars) in facility loan from the industrial Bank of Korea's facility and issue 150 million dollars worth of convertible bonds of Hyundai Motor Co. in foreign securities markets next month. Last year, the group filed such applications on two occasions but to no avail.

The GIS MPD, registering a sales amount of 447 million dollars last year, is a world-class company which is producing such non-memory semiconductors as ASIC (Application Specific Integrated Circuit) and ASSP (Application Specific Standard Product).

Potential Candidates for DLP Leadership Listed

SK0402061995 Seoul YONHAP in English 0544 GMT 4 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 4 (YONHAP)—With its national convention only three days away, the ruling Democratic Liberal Party (DLP) is learned to have almost finished selecting figures to fill major intra-party posts such as chairman, secretary- general and chief policymaker.

President Kim Yong-sam, who also heads the government party, has reportedly selected a person to be nominated for the post of party chairman. The nominee is to be finally endorsed in the Feb. 7 national convention.

Sources of the ruling party said Saturday that President Kim will notify his decision to the would-be chairman-designate Saturday or Sunday.

A reliable DLP source noted that former Prime Minister Chong Won- sik has been selected by the president to become new chairman replacing Kim Chong-pil who is certain to leave the party shortly after the national convention.

The source explained that the first state minister for political affairs, Kim Yun-whan, and floor leader Yi Han-tong had been the prospective candidates for the chairman, but they are almost certain to be excluded in view of the need to prevent intra-party power struggle.

In particular, "Minju (Democratic)" faction members who are loyal to President Kim are learned to be demanding strongly that party chairman be selected from among "men with no political colours" like Chong rather than from "the powers that be" in the "Minjong (Democratic Justice)" camp.

"In case the influential person of Minjong camp is excluded from the candidates, then ex-prime minister Chong is the most likely candidate for the chairmanship," a senior party official predicted. "Chong served as the chairman of DLP's presidential election campaign headquarters in 1992 and his experience at that time will greatly help the party in the forthcoming local elections in June."

Other sources at the party predicted that the most prospective candidates for the post of national convention chairman are Reps. Choe Hyong-u and Sin Sang-u who are both loyalists to President Kim.

Probable candidates for floor leader are Reps. So Chong-won, Yi Min-sop, Chong Sun-tok, Pak Chong-su and Hyon Kyong-tae, but two or three among them must run for the post through an open competition at the caucus meeting.

The sources remarked that President Kim will nominate candidates for the positions of party chairman and national convention chairman at the convention meeting early next week and then conduct a wholesale reshuffle of the party lineup on Wednesday or Thursday after consulting with new chairman.

DLP Renames Kim Yong-sam as Party President

SK0402005295 Seoul THE KOREA TIMES in English 4 Feb 95 p 2

[FBIS Transcribed Text] The ruling Democratic Liberal Party [DLP] gave its approval for President Kim Yong-sam to serve another term as party president in a meeting of the executive council, the party's supreme decision-making body, yesterday.

Executive council members unanimously approved the recommendation made by DLP secretary general Mun Chung-su.

In accordance with the recommendation, the DLP will elect President Kim as party president at its national convention next Tuesday.

Mun said that the DLP has decided to ask President Kim to lead the party for another term in consideration of his outstanding show of leadership in democratization and globalization of the country.

"President Kim opened the era of civilian government and made democracy take root in this country through his reform policy," Mun said.

"President Kim transformed the DLP into a democratic party beloved by the people. He also played a key role in boosting the status of Korea to one of the world's leading countries through his globalization campaign," Mun said.

President Kim will serve as party president until December 1997 when his term of office as chief executive expires.

An amendment to the DLP's constitution expected to be adopted at the national convention stipulates that the term of the party president is two years and if the party president is concurrently the head of state, the term of party president expires when his term of office as chief executive ends.

Meanwhile, President Kim will appoint the chairman of the ruling party Monday to fill the vacancy left by Kim Chong-pil who vowed to create a new conservative party.

The appointment of the chairman will be acted on at the DLP's national convention the next day.

President Kim will then appoint the new party secretary general, chief policymaker and other key post holders in consultation with the chairman.

DLP floor leader Rep. Yi Han-tong, First State Minister for Political Affairs Kim Yun-hwan and Vice National Assembly Speaker Yi Chun-ku are reportedly the frontrunners for the chairmanship, according to political analysts. They are all leaders of the majority Minjong [now-defunct—Democratic Justice Party] faction.

Among other DLP chairman hopefuls on the rumor mill of the political circle are Chong Won-sik, former prime minister who headed the DLP presidential election campaign management committee in 1992, and Kim Myong-yun, President Kim's long-time political ally who was defeated by an opposition candidate in an Assembly by-election in Kangwon-to in 1993.

Rep. Yi Man-sop, former Assembly speaker and a leader of disgruntled politicians from the T-K (Taegu-Kyongsangpuk-to) region, also looms as a candidate for the DLP chairmanship.

According to press reports, leaders of the reform-minded Minju faction secretly huddled Thursday night and decided to recommend Yi as party chairman to President Kim.

Minju faction leaders reportedly opted for Yi because this will help ease the strong antipathy against the current administration harbored by the T-K forces, who are being courted by Kim Chong-pil's camp.

Democratic Liberal Party Chairman Said Chosen

SK0602083195 Seoul YONHAP in English 0755 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—Former Prime Minister Chong Won-sik has been picked as the new chairman of the ruling Democratic Liberal Party (DLP), as reported Monday, informed sources said.

President Kim Yong-sam, who also heads the government party, will designate Chong as DLP chairman at the DLP national convention Tuesday and will have him endorsed by the convention delegates, informed sources said.

Following the party convention, President Kim will discuss with Chong the selection of new, key party post-holders including the floor leader, informed sources said.

Now that a non-lawmaker has reportedly been decided upon as DLP chairman, attention is being focused on who in the ruling party will take charge of its dialogue with the opposition.

In reference to this matter, a ruling camp official said Monday, "A floor leader to be chosen through competitive voting will conduct negotiations, on the floor and with the opposition, with almost full powers invested."

Should Chong Won-sik be named DLP chairman, it is expected that influential members of the Democratic Justice faction will be recruited as key post-holders.

The DLP is scheduled to hold the third national party convention at the Olympic Athletic Hall Tuesday afternoon and to announce a formal declaration of President Kim's globalization plan.

In addition to nominating the new party chairman, the party convention will adopt revisions to the party charter and regulations introducing a competitive election of key party functionaries.

To be elected through competitive balloting are the floor leader, Central Standing Committee chairman, party candidates for public posts such as special city mayors and provincial governors, and district chapter chairmen.

The convention is also scheduled to adopt a "declaration of globalization," vowing to put an abrupt end to the outmoded way of thinking and posture, in a bid to cope effectively with current trends in the world, as well as "pledges to the people."

In a related development, the government party also plans to drastically curtail the organization of party headquarters to keep pace with an era of localization, characterized by the delegation of authorities to the provinces following the four local elections slated for June 27.

DLP Plans Reshuffle After National Convention

SK0302055695 Seoul YONHAP in English 0526 GMT 3 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 3 (YONHAP)—The ruling Democratic Liberal Party (DLP) is planning to conduct a large-scale reshuffle of its major postholders and central executive council members after it selects new party chairman at the Feb. 7 national convention.

A senior DLP official said Friday President Kim Yong-sam, who also heads the ruling party, will conduct a large-scale reorganization of its hierarchy through consultation with the new chairman when the latter is nominated by the president and endorsed at the national convention.

The projected reshuffle, the official disclosed, will certainly affect the secretary-general, chief policymaker, first state minister for political affairs, globalization promotion committee chairman, national policy advisory committee chairman, chief secretary to DLP president, DLP spokesman and director of central political training center.

In addition, President Kim is likely to nominate the candidates for the floor leader and central standing committee chairman so that they are elected by open competition at the relevant party organizations.

The party will also reshuffle mid-level echelons of its organization such as the chairmen of 15 standing committees including the planning-coordination panel and four special committee chairmen including the head of peaceful unification panel.

The intra-party reshuffle will probably entail a partial reshuffle of major posts in the National Assembly, such as chairmen of standing committees.

The official stated that President Kim will conduct the reshuffle by Feb. 13 at the latest, adding new faces will be selected from among those who are competent, reform-minded and willing to steer the party in the direction of globalization.

DLP Plans Pension System for Foreign Workers

SK0502041495 Seoul YONHAP in English 0312 GMT 5 Feb 95

[FBIS Transcribed Text] Seoul, Feb.5 (YONHAP)— The ruling Democratic Liberal Party (DLP) is planning to expand the mandatory national pension system to foreigners working in the country as early as May this year in efforts to take balanced measures with foreign countries which force Korean workers to join their mandatory pension systems, according to party sources Sunday.

"Koreans working in the United States or other countries are obliged to join mandatory pension systems in the countries but they tend not to get refund of the money they paid to the pension systems because they usually cannot fulfill the minimum paid period of 10 years," said the sources.

The party, therefore, plans to draft a law in cooperation with related government ministries on the inclusion of foreign workers here into the mandatory national pension system to present it before the extraordinary National Assembly sessions in May, they said.

On the basis of the new measure, the government will have to make efforts to sign with foreign countries social security agreements which head off dual burden in pension fees on the part of Korean workers there, said the sources.

Foreign workers here currently have the option of joining the National Pension System and they get refund of their money paid plus interest when they return to their countries.

Kim Chong-pil's Party Plans Mar Inauguration

SK0602065895 Seoul YONHAP in English 0614 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—The "United Liberal Democrats" are moving to inaugurate their new political party in early March, up from the previous target date of late March, in an apparent bid to secure election footing for the nationwide local polls slated for June.

The new party is also set to place former Chairman Kim Chong-pil of the ruling Democratic Liberal Party (DLP) at its forefront so that he is responsible for handling overall affairs as the top power man.

Therefore, Kim is scheduled to declare Thursday his secession from the DLP to create a new party and will also inaugurate the new party foundation preparatory committee around February 15.

Kim's new party will hold its national convention in early March to formally inaugurate the new party after organizing 30 to 50 local chapters across the country.

Rep. Kim Tong-kun, a close associate of Kim Chong-pil's, said Monday that their new party will adopt a policy of first inaugurating the party and then admitting its members, adding that it will found some 30 to 50 local chapters in the initial stage, mostly in the provinces of Taejon, South Chungchong, Taegu and North Kyongsang.

Rep. Cho Pu-yong, another close aide of Kim's, revealed that the new party's leadership issue is almost resolved, with Kim Chong-pil assuming its presidency.

Independent Lawmaker Yi Hak-won, who was expelled from the ruling DLP in 1993 due to his huge accumulation of properties, is almost certain to join the new party.

Defense Minister Interviewed on Various Issues

SK0602113295 Seoul SEOUL SINMUN in Korean 6 Feb 95 p 5

[Interview with Yi Yang-ho, ROK minister of National Defense, by Hwang Pyong-son, senior reporter of SEOUL SINMUN on 4 February; place not given]

[FBIS Translated Text] [Hwang] I believe you have many difficulties in leading the large family of 650,000 soldiers. Some atypical soldiers and many unexpected incidents and accidents have hurt military morale.

[Yi] I am sorry that the wrongdoings of a few make the Army lose confidence in people. It is impossible for primary-grade officers or other enlisted servicemen totally change their innate traits by receiving training for a short period of time. For example, a person who has been wandering around Apkujong-dong [a neighborhood in Seoul with many entertainment establishments] until a few days ago cannot change right after entering the Army. Therefore, I plan to instill the younger-generation soldiers with the spirit of unity and a correct attitude of respecting the country more than individuals through actual tough war exercises [kanginhan silchonjok hullyon].

[Hwang] People point out that the overall morale of the Army, that is in charge of protecting the country, has been lowered considerably in comparison with the past.

[Yi] The Army underwent a lot of growing pains in the course of making changes in the past two years. Now, however, the Army has entered a stage of recovering stability and accelerating the implementation of its own duties. Its political color has disappeared, and many people are voicing that the Army's morale should be elevated in society. This encourages us very much. Internally, the Army is seeking measures to modernize barracks facilities and improve the soldiers' welfare, such as raising various allowances. However, military compensation is not the only factor that elevates the Army's morale. It is more important to make soldiers live their worthwhile military lives through tough education and training. I will make more efforts to make the barrack system more reasonable and improve the soldiers' working conditions.

[Hwang] The government and different social sectors have set up various tasks for globalization and are enthusiastically engaged in implementing the tasks. What is the Army's idea of globalization?

[Yi] The Army's idea of globalization is, in short, to become an army that can match those of advanced countries. Toward this aim, it is necessary to enhance each soldier's competence and to make the organization advanced. Lately, wars have been held with updated scientific equipment, as shown in the Gulf war, so one person can do a large amount of work that was done by many people in the past. Now, a single gun is needed to hit a target when it used to take 10 guns to hit a target in the past. Our Army, however, still is particularly lacking manpower and organization. So, I will put more manpower into selected troops and adjust the military organization. The organizational reform committee is studying reorganization methods, and it will make a final decision some time in the first quarter of this year. The basic direction of this plan is to reduce the size of headquarters, which has no direct relation to combat strength, and strengthen field combat units, as well as to merge functions of both the Ministry of National Defense and the Joint Chiefs of Staff.

[Hwang] In the age of updated high-tech war, the Army must secure qualified manpower, such as computer experts, like civilian enterprises do. Is it possible for our Army to secure such qualified personnel?

[Yi] Military research institutes, such as the National Defense Institute, are producing qualified manpower and developing updated technologies. However, those who have a high-level education generally require a high-level wage, and many qualified people have moved from the military to civilian enterprises. However, the Army has its own merits. Not all Army pilots want to move to civilian aviation companies. The Army guarantees job stability and has an excellent pension system that no civilian company has. Above all, there are many sound people who put value on the worthwhile work of protecting the country, rather than those benefits provided by the Army.

[Hwang] Following the settlement of the North Korean nuclear issue, part of our society seems to be lax in security. How about the military?

[Yi] The suspension of North Korea's nuclear development following the settlement of the North Korean nuclear issue is a great achievement. However, North Korea's conventional combat capabilities remain a great threat. North Korea is still an untrustworthy regime. North Korea has committed unpredictable violations, including the kidnap of the Pueblo ship, the hatchet-wielding incident in Panmunjom, the bombing of a Korean Air plane, and terror at the Aung San Memorial Hall. Moreover, the establishment is not solid at present. Such provocations could take place anytime. However, ROK companies are competing in visiting North Korea. This might unnoticeably confuse friend and foe. In view of this, the Army is strengthening psychological training.

[Hwang] It was said that North Koreans feel they might as well start a war since their life cannot be worse. Is our defense prepared for any provocation?

[Yi] You do not have to worry a bit as the ROK-U.S. combined defense system has a perfect defense posture. We are watching North Korea 24 hours a day. The front is ready to assume combat posture at any sign of provocation.

[Hwang] How are recent military moves in North Korea?

[Yi] North Korea usually has frequent training in winter. It is continuing with its training these days. Following the settlement of the North Korean nuclear issue, North Korea has intensified anti-South propaganda, alleging "South Korea is trying to break a nuclear war. We are hungry because of South Korea." Even the slanders it used against the United States are shifted to South Korea. However, a war is not fought with words but must be supported by national strength. When we look at the national strength of the North and the South, North Korea's gross national product is $2 billion while that of South Korea is $200 billion. The South has twice the population and 100 times more exports and imports. This is beyond comparison. What worries us is localized provocation by North Korea. However, the ROK and the United States have advanced combined combat capabilities, and reinforcements for contingency have also been arranged.

[Hwang] Was that what you discussed with General Shalikashvili, chairman of the U.S. Joint Chiefs of Staff, when he visited the ROK in mid-January?

[Yi] We reconfirmed the firm ROK-U.S. combined defense system. Our basic position is that strong military capacity must be maintained in order to have the North respond to dialogue, resume North-South talks, and develop our economy. Therefore, the ROK-U.S. combined defense system must be maintained. The new Asia-Pacific Strategy of the United States judged that in order to maintain the stability and peace of Northeast Asia, it is essential to post 100,000 of U.S. troops in the area.

Army Plans To Downsize Military Headquarters

SK0402050095 Seoul HANGYORE SINMUN in Korean 3 Feb 95 p 1

[By reporter Kim Song-kol]

[FBIS Translated Text] Following the reorganization of government offices late last year, the ROK Army is proceeding with a drastic reorganization of itself which includes downsizing the number of Army Headquarters officers and generals to two-thirds.

The Army plans to send those generals and high-ranking field grade officers who will be told to leave Army Headquarters, to educational institutes such as the National Defense College and Military Staff College, for training or for use as field army staff.

An official in charge of military affairs said on 2 February that the Army is working on its reorganization at the direction of Yun Yong-nam, chief of the Army General Staff, and will complete a reorganization draft by mid-February.

According to the draft arranged up to the present, the Army plans to merge the Assistant Chief of Staff for Information and the Assistant Chief of Staff for Operations, assistant staff organizations for the chief of the General Staff in charge of most functions for the Joint Chiefs of Staff meetings, into the "Assistant Chief of Staff for Information and Operations."

The Army also plans to reduce the number of military administrative officers by incorporating various independent branches of the Army, such as the Office of Communication and the Office of Adjutant Generals, into the Assistant Chief of Staff for Logistics. The Army is considering abolishing the office of Personnel Management because the division's activities and those of the Assistant Chief of Staff for Personnel overlap. It is also considering expanding the Office of Troop Information and Education under the necessity of active military information. The Army has decided to maintain the Office of Judiciary, the Office of Inspection, and the Office of Military Police as they are because of their special activities. It is also considering abolishing one or two sections of the Office of Engineer.

In addition, the Army plans to integrate planning and executing functions distributed to various assistant chiefs of staff in connection with the Yulgok project for military reinforcement, in a bid to increase the efficiency of work and reduce the expense of the project.

Regarding the mobilization of the local reserve forces, some people insist on transferring functions of the Army Headquarters and assistant chiefs of staff to the Ministry of National Defense. However, an increasing number of people insist on organizational reinforcement for more practical mobilization of the local reserve forces, beyond the boundaries of training the reserve forces.

If the Army is reorganized in this way, one-third of the Army Headquarters officers, including some 10 generals, will be ousted from headquarters.

Another official in charge of military affairs said: "The Army's yearly budget for 1994 reached 5 trillion won, the largest for a state office." He then added: "Its reorganization is necessary under the situation, in which the ROK has regained the peacetime operations control."

Daily on Armed Forces Reinforcement Projects

SK0602104995 Seoul SEOUL SINMUN in Korean 6 Feb 95 p 5

[Report by Pak Chae-pom: "The Military Reinforcement Status"]

[FBIS Translated Text] The ROK Armed Forces have constantly directed efforts to reinforce their combat power and modernize themselves for the past 20 years.

As a result, the combat power, which remained at the level of 50.8 percent of North Korea when the Yulgok Project—the combat power reinforcement project of the ROK Armed Forces—was begun in 1974, reached the level of 71 percent as of 1992.

Our military power, excluding U.S. Forces in Korea, is still inferior to that of North Korea. However, a blueprint for us to cope with North Korea with our own combat power in the 2000's has been provided.

With a view to implementing this blueprint, our Armed Forces developed the military reinforcement goal step by step based on a 10-year period. Presently, the Armed Forces are pushing ahead with military building in order to "secure a deterrence combat power against North Korea and to cope with the rapidly changing strategic circumstances."

Details of the blueprint are: To strengthen offensive mobile combat power of ground forces and to turn the military structure into an offensive one; to promote operational capabilities against warships and submarines; to develop technology-intensive aerial combat power, and to introduce submarines and next-generation fighters under the goal of building military power based on the concept of combining three service branches, to secure capabilities of electronic warfare, and to improve tanks.

In the seventies, our Armed Forces merely "reinforced the power of rifles and mobility, as well as high-speed vessels, and introduced phantom fighters," and in the eighties, they directed efforts to secure armaments essential to conventional warfare, such as "strengthening of tanks and artillery, and the promotion of landing operational capability." Thus, the current strategic goal can be regarded as a great development since that time.

What serves as a representative weapon among combat equipment introduced last year by our Armed Forces is the F-16 next-generation fighters.

Four of these fighters, which cost 33.4 billion won per fighter, were manufactured in the United States at the end of last year, 10 years since the project was planned in 1984, and were deployed in the ROK. Eight more fighters are scheduled to be introduced by July.

Besides, 108 more fighters will manufactured through licensed production and will be deployed by 1999. Thus, a total of 120 F-16 fighters will safeguard our sky 24 hours a day. These fighters are equipped with an ultramodern device enabling them to make a precision bombing raid at low altitude at night. Thus, their excellent features have been recognized. It was learned that the F- 16 fighters are far more superior than the MiG-25 (the level of Phantom)—North Korea's main fighter planes—in terms of features, and are regarded as having more outstanding mobility and rotation radius than the MiG-29, which North Korea reportedly possesses only 15. Another important combat power coming after the next-generation fighters is submarines. The Number One submarine, "Changbogo," was assembled in Germany, and introduced in 1992. Since that time, a total of four submarines, including "Pagwiam," the latest one, have been deployed. The price of one submarine is approximately 150 billion won. This submarine, which will be continuously produced at home in the future, is considered as having outstanding concealment capacity with its lower noise level among submarines of the same class. North Korea deployed a total of 26 submarines for operational purposes. However, they are old-type submarines produced in the fifties and sixties in the former Soviet Union. Thus, they are known to be a little more superior than ours only in terms of submerging for coastal infiltration. In addition to Naval and Air Force combat power, the Ministry of National Defense reinforced ground forces and as a result, ROK-type K-1 tanks, whose production began in 1985, will fully meet their requirement by 1996. The military is now working to improve and strengthen fire power of this tank by replacing its 105-mm gun with 120-mm.

In addition, the military is working to attach equipment to Cobra helicopters so that they can search the enemy at night. Experts explain that one Cobra helicopter is capable of simultaneously neutralizing 16 tanks.

Military authorities explain that in view of such combat power reinforcement and of the power of U.S. Forces in Korea, we are fully able to deter any surprise provocation by North Korea.

Ministry Considers Revising Garrison Decree

SK0502054195 Seoul YONHAP in English 0531 GMT 5 Feb 95

[FBIS Transcribed Text] Seoul, Feb.5 (YONHAP)—The Ministry of Defense is taking steps to revise a garrison decree which has been the focus of controversy since being introduced by the late President Pak Chong-hui 25 years ago because it empowers the president to mobilize military forces to maintain regional security without consent from the National Assembly, according to ministry sources.

The presidential decree, proclaimed by former President Pak to quell anti-government demonstrations, allowed military troops to capture civilians caught engaging in violent actions and robbery in the region affected by the decree.

Lawyers have insisted that any regulations involving detention of people should be introduced through enactment of the National Assembly, not by the presidential decree.

The ministry decided to revamp the decree since it does not fit the current military operation system as nearly 25 years have passed since the introduction of the decree and the political situation also has changed greatly with the inauguration of the civilian government, said the sources.

The ministry is considering scrapping the decree or revise it to include it into the National Assembly-drafted laws, they said.

Pak Chong-hui proclaimed the decree in Seoul on Oct.15, 1971, when anti-government demonstrations took place in the capital of the country.

Pak then ordered 10 colleges and universities in Seoul closed and military troops to move into the schools in a bid to thwart the student-led demonstrations.

Just days before he was assassinated on Oct.20, 1979, Pak again imposed the decree in Masan and Changwon cities in the south of the country where large-scale demonstrations took place in protest against Pak's military regime.

Burma

UN Officials Welcomed at Rangoon Airport

BK0602023395 Rangoon Radio Myanmar in Burmese 1330 GMT 5 Feb 95

[FBIS Translated Text] Mr. Alvaro de Soto, assistant secretary general and representative of the UN secretary general, accompanied by Mr. Fransesc Vendrell, director of the East Asia and Pacific Division of UN political affairs, arrived in Yangon [Rangoon] on a Myanmar Airways International flight this evening.

They were welcomed at the Yangon airport by U Ba Thwin, director general of the International Organization and Economic Department of the Ministry of Foreign Affairs, and responsible personnel.

DAB Plan To Hold Meeting Seemingly 'Doomed'

BK0602072595 Bangkok BANGKOK POST in English 6 Feb 95 p 7

[Report by Ralph Bachoe in Chiang Mai]

[FBIS Transcribed Text] The Democratic Alliance of Burma's [DAB] plan to call a meeting of all its 21 members to discuss the fall of Manerplaw and map out strategies to cope with the dismal situation on the Thai-Burmese border appeared doomed yesterday.

"The situation is very sensitive," said Tin Maung Win, second vice-president of the Alliance. "The DAB leadership has no intention of embarrassing the Thai Government which has been very understanding."

In the past, DAB meetings have been held annually in the liberated area of Manerplaw.

He said that to meet now would be extremely difficult.

"Besides, it's time to keep a low profile and keep our mouths shut."

The DAB, formed in November 1988, is an umbrella organisation of 21 groups: ethnic armed groups, Burmese expatriate organisations, former politicians and student leaders.

Also included are members of the All Burma Young Monks Union and the All Burma Students' Democratic Front. The two were formed after the 1988 democracy uprising in Burma.

On the issue of meeting Karen National Union leader Gen Bo Mya, Tin Maung Win said he definitely wanted to see the DAB chairman, especially in a time of crisis.

"The KNU is fighting for a just cause and also is the major alliance of democratic forces opposing the Rangoon military government," he said. All Alliance members have committed themselves "to stick together" .

The whereabouts of the Karen leader was unknown early yesterday.

The fall of Manerplaw, base of the Burmese democratic forces, is a major setback for the National Coalition Government of the Union of Burma [NCGUB] and members of the DAB.

Exiled premier Dr Sein Win is head of the NCGUB. The parallel government was formed in December 1990 at the KNU's now-fallen headquarters by MPs elected in May that year.

However, Tin Maung Win, the 1962 student leader, appears undaunted by the setback. He described it as nothing but a "temporary slowdown" and vowed that the Alliance would continue with its resolutions adopted at its last meeting.

The second congress of the DAB central committee was held in Manerplaw last October 24-26.

U Aung, son of former pre mier U Nu, has returned to Rangoon, according to a source who recently visited the Burmese capital.

U Aung is an American citizen and has been in Bangkok since 1988. He is president of the Alliance Democratic Solidarity, Burma, one of the many Burmese opposition groups formed after the 1988 uprising.

Another recent self-exiled Burmese expatriate who returned to Rangoon is Zarli Maw. He is a former president of the Alliance Democratic Solidarity, Burma. U Zarli is the son on Dr Ba Maw, president during the Japanese occupation of Burma.

Article Describing Fall of Manerplaw Continues

Part VI of Article

BK0602025395 Rangoon Radio Myanmar in Burmese 1150 GMT 3 Feb 95

[Sixth installment of an article by "a Karen national" from the 3 February MYANMAR ALIN and KYEMON: "Which Way KNU?"]

[FBIS Translated Text] The KNU at Sinbyu Taung bombarded Thu Mae Hta with large-caliber mortars while its assault groups approached and attacked Thu Mae Hta around 1200 on 3 January 1995. The KNU targeted a monastery and shelled Thu Mae Hta with heavy mortars. There were monks and civilians in the monastery compound. The monastery was hit by a mortar shell and engulfed in fire. Meanwhile, Nga Mya [derogatory name for Karen National Union leader General Bo Mya] was angrily giving orders from the communications room: Assemble as many soldiers as you can. Shoot whoever resists. Don't let either monks or civilians escape. Colonel Hla Shwe, if possible, come and see me. Call Htein Maung and Shwe Saing for reinforcement.

However, Shwe Saing didn't provide effective reinforcement. He sent 500,000 baht to Nga Mya for his expenditures. Because he received 500,000 baht from Shwe Saing, Nga Mya did not dare blame Shwe Saing, who did not provide the reinforcement. Htein Maung said he would go to see [Bo Mya] and ask him to start the operation when he arrives. But Nga Mya couldn't afford to wait for Htein Maung.

During the confrontation between the DKBA [Democratic Karen Buddhist Army] unit and Sub Lieutenant Saw Ae Doe and his group from the 7th Brigade, three KNU members and three parasites, members of the ABSDF [All Burma Students' Democratic Front], fell in the action. With no shame, the incomplete [ta chan pe] ABSDF Central Headquarters led by Naing Aung announced that the main enemy for this 1995 new year is the [Democratic Karen] Buddhist Organization while the other incomplete ABSDF group led by Moe Thi Zun observed the situation.

As the fighting intensified, Lieutenant General Tarmalabaw, chairman of the Confluence Mediation Committee, made an appointment and met with Bo Pya Pya and Phado Yar Yu. Meanwhile, the noise from the heavy mortars covered the area and the KNU was unable to attack effectively the DKBO units, who were holding an arms depot. As a person who has had mastery over Pya Pya from his youth, Lt. Gen. Tarmalabaw yelled at Pya Pya: Pya Pya, what have you done? You said both sides will continue to negotiate and invite the monks. Bo Pya Pya's face also looked very tense.

We will try to handle the situation without a glitch to satisfy both sides. But this not a religious matter anymore. We know that the KNU Central Headquarters is telling us to kill our Buddhists and to assassinate the Sayadaw [abbot].

Pya Pya, don't talk nonsense. Our Central Headquarters is trying to be fair.

Don't lie. We are using the same kind of wireless equipment. If you have this equipment and the equipment is on then you can hear the conversations among the individuals. Let's forget about this. What do you want to do now? We have already decided to attack Manerplaw by hook or by crook. To avoid causalities, the KNU Central Headquarters have to be evacuated from Manerplaw. We are not responsible for the consequences if it is not evacuated.

Pya Pya, think carefully. How many men and weapons have you got? Even the enemy units [Burmese Army] won't be able to attack Manerplaw. In your case, all of you will die.

So what. We have decided to attack. If we can't win, then we will seek assistance from the SLORC [State Law and Order Restoration Council] and enemy's units.

Lt. Gen Tarmalabaw was shocked when Bo Pya Pya said he would cooperate with the Defense Services.

Are you betraying [the KNU]?

Are we supposed to wait until you people kill all of us? We have nothing to do the KNU. We can do whatever we like.

The SLORC has announced that it has halted offensives since 1992. We are holding peace talks with the SLORC. It won't be fair if the enemy's units are going to assist you while saying it has ceased the offensives.

Bo Pya Pya laughed jovially.

The enemy has halted the offensives. Did you? Others have achieved peace. If the KIO [Kachin Independence Organization] can achieve peace, then how come you people can't achieve peace? The enemy stopped its offensives, but you guys didn't. The enemy has already been waiting for you people for three years. I am not that patient. If I have to attack, I will just attack.

Hey, they dare not attack us. That is why they have halted the offensives and have been shouting they want to make peace. They don't accept us when we are serious [about holding peace talks].

Who would accept [when you say] talks have to be held in America or Japan? Where did other groups hold talks? They held talks where the war action took place.

Okay. You mean you are not going to change your mind.

You must remember this:

1. We will attack Manerplaw.

2. If you want to avoid high casualties, then you people have to evacuate Manerplaw.

3. We will attack if you do not evacuate.

4. If we can't win then we will seek assistance from the [Burmese] troops. It is fair. That's it.

[FBIS Translated Text] Lt. Gen. Tarmalabaw conveyed Bo Pya Pya's ultimatum to Nga Mya. Nga Mya was unable to control his outrage. He gave orders to intensify the battle. The intensified battle took place again at the confluence region on the evening of 4 January. Thu Mae Hta trembled from the explosions. Nga Mya sought assistance from armed forces units on the other side of the country [Thailand]. Meanwhile, Lieutenant Colonel Soe Soe, Mae Sot-based KNU intelligence officer, was keeping a close watch on and inquiring about the developments on confluence affairs. It was a burden for him to answer people who inquired about the situation. The KNU units retook Thu Mae Hta on 5 January. There were high casualties on both sides. Phado Man Hsa informed Lt. Col. Soe Soe of the retaking of the confluence region. Nga Mya was a little bit relaxed because of the retaking of Thu Mae Hta. But there was another problem that hit Nga Mya in the chest with full speed.

While gathering people to annihilate the Buddhists, Nga Mya sent orders to conscript refugees from the camps on the other side of the country [Thailand]. Actually, the refugee camps are accommodating Karen nationals, who were forced to stay there by Nga Mya. Nga Mya receives international aid by pointing a finger at these refugees. Because of Nga Mya's dishonesty, the refugees faced more difficulties. Not even half the humanitarian aid from the international community reaches the refugees. It flows into Nga Mya's pocket. The majority of the Buddhists are the one who have to live in poor conditions, with lack of food and water, provided by Nga Mya. They have become real refugees after pretending to be refugees.

The ripple from the confluence region reached the refugee camps. The DKBO also has access to the refugee camps. The refugees do not accept Nga Mya's way of conscripting soldiers. The refugees, who are dying because of lack of food, do not want to fight and die for Nga Mya. Nga Mya is depressed because both Buddhist and Christian refugees do not want to fight. When they were forced to fight, they fled inside Myanmar [Burma]. Nga Mya's plan to use refugees will go down the drain. It is true that Nga Nya can breathe well now because of the retaking of confluence region. Nga Mya has learned that mutineers have retreated to the Bawthayaw area. Nga Mya was delighted. Actually, Bawthayaw is place where Nga Mya won victory.

It was in 1970, about 24 years ago, that Commander Kyaw Ho and his subordinate leaders of the 1st Brigade got into an argument over protection money in Thaton District. When Kyaw Ho could not handle his subordinates, he crossed to the east bank of the Salween River and reported to Nga Mya. Nga Mya called a meeting of the subordinate leaders of the 1st Brigade to resolve the problem. The leaders arrived at Bawthayaw on 27 February 1971 and they were arrested by the 7th Brigade. On 28 February 1971, Nga Nya shot and killed 10 young leaders of the 1st Brigade—Dingga, Pauk Kyaw, Pha Pya, Theingi, Kyaw Khaing, Zaw Hein, Khin Maung Yee, Ronald, Alexandra, and Nyunt Tin. He ruthlessly bayonetted those who were still alive. The Bawthayaw affair was Nga Mya's blood-stained victory. Since then he has abolished Mahn Ba San's leadership and imposed a leadership of terror. Now, the Buddhist Organization has retreated to Bawthayaw. The majority in the Buddhist Organization are those forces from the 1st Brigade, which Nga Mya had disciplined with his bayonet 24 years ago. He is feeling angry about his blood- stained hands.

Nga Mya called Colonel Lawwadi and asked: How is the condition of the refugees?

Their condition is not very good General Mya. Some fled from the refugee camps. They might cross to Maethawaw from (?Pasaungyan) and entered Hlaingbwe.

How did it happen? Brigadier General Htein Maung, commander of the 7th Brigade, told Col. Johnny to assemble the people.

We have difficulties assembling people.

You can't trust Johnny.

Col. Lawwadi was shocked.

Johnny is Nga Mya's most reliable fighter and always fights courageously in battles. Now, Nga Mya does not even trust a man who does not care about his life and who always goes to the battle and fights for him.

Col Lawwadi reluctantly said: Col. Johnny is a Christian.

Yes, but he does whatever the Buddhist monks say. He didn't attack when the monks said: Many villagers will be killed. Don't attack this village. He doesn't get involved when he was told by the monks not to attack the enemy soldiers who get along well with the villagers.

Actually, Nga Mya is suspicious about Johnny's organizational policy. In fact, Nga Mya is an extreme nationalist with religious extremities. Even among the Karens, he gives priority to his own tribe. He differentiates between Sakaw Karens and Po Karens. He doesn't even recognize Keko and Geba Karens, who live near Kayah State, as Karens. He usually abuses [passage indistinct].

What should we do?

The headquarters of the Buddhists is Myainggyingu. We have to stage an offensive on Myainggyingu. Make sure to kill Khawtaw Phonegyi [Chittagonian monk; usually used as derogatory term] Myainggyingu Sayadaw [Abbot]. Nga Mya's eye brows were furrowed while he was thinking. The enemy units are in Kamamaung. The enemy can provide support to Myainggyngu from Kamamaung. We have to send people to Kamamaung and burn the place. These are Nga Mya's nefarious ideas.

Part VII of Article

BK0602063595 Rangoon Radio Myanmar in Burmese 1150 GMT 4 Feb 95

[Seventh installment of an article by "a Karen national" from the 4 February MYANMAR ALIN and KYEMON: "Which Way KNU?"]

[FBIS Translated Text] After retaking Thu Mae Hta, the KNU [Karen National Union] in Manerplaw made preparations to annihilate the Buddhist organization [Democratic Karen Buddhist Organization—DKBO]. At about 1300 on 5 January 1995, Man Dee, squadron leader of the Manerplaw heavy artillery unit, and about 40 men arrived at Pazun Creek. Next, Man Dee and his group indiscriminately shelled Myainggyingu with large-caliber mortars. There were no casualties among the civilians and monks, including Myainggyingu Sayadaw [abbot]. The heavy mortar shells did not hit Myainggyingu. Some of the shells did not even explode.

At 1130 on 5 January 1995, about 100 men led by Kaw Mu, company leader of the Central Security Department in Manerplaw, came down to the junction of Shan Ywathitgyi and (Zinmaing) Roads to occupy Myainggyingu. Bo Kalae's group from Bo Kyi's DKBA [Democratic Karen Buddhist Army] unit confronted and attacked Kaw Mu and his men. During the intense fighting, four of Kaw Mu's men were killed and about 10 were wounded. Kaw Mu and his men had to retreat.

The DKBA units made the maximum preparations to fight the enemy. Bo Pya Pya established a strong position in a valley and staged an offensive against [word indistinct] while Bo Kyi set up a strong position at the junction of Htiganan Creek and Pyont Htaw Creek and staged an offensive in the north.

Man Dee and his men from the Manerplaw heavy artillery unit again shelled Myainggyingu with rockets but Sayadaw and his followers were not hurt.

The Buddhists in Manerplaw became unhappy with the offensive and the annihilation of the Buddhists. Fighting spread immediately within the KNU. There was distrust and doubt everywhere and shooting broke out. Nga Mya [derogatory name KNU leader General Bo Mya] ordered the arrest of Buddhists who were likely to split from the KNU. In order to avoid problems in Manerplaw, Nga Mya discharged his grandson War Htei and nephew Kyaw Char, the people who created the problems in the first place. The fighting with the DKBO had already intensified, so this was unnecessary. It was [word indistinct].

After escaping to Bangkok, Phado Aung San, cousin of Myainggyingu Sayadaw, returned to Manerplaw because he could not escape Nga Mya's influence. Nga Mya asked Phado Aung San to buy heavy artillery ammunition as soon as possible. Phado Aung San headed for Mae Sot and contacted War Hin, an arms dealer, for the merchandise. War Hin asked his son Min Min Oo to travel to Bangkok and look for weapons and ammunition. It is not as easy to acquire weapons and ammunition as you would think.

The battles were still intensifying on 7 January 1995. Nga Mya said he personally had to go and look for weapons and ammunition and headed to Chiang Mai from Khwebawlu Village in the country where he was staying [Thailand]. The situation was getting worse at the Manerplaw Camp. The news that Nga Mya had fled to Chiang Mai, abandoning the whole revolution and the present dispute, spread instantly. The posters that Nga Mya ordered to be hung all over the Manerplaw Camp to boost his people's morale were now seen as ridiculing the KNU soldiers:

It Is Meaningless To Be a Human Being Without a Country—Bo Gyi Mya.

Yes, it is meaningless to be a human being without a country. Now we do not know where to run. Our country will disappear now. These are the words of one KNU soldier. He has a country. He lives in Khwebawlu. He has houses in Chiang Mai and Bangkok. He comes to Manerplaw by boat from Khwebawlu. The Lord has provided everything for him. He is a Thai citizen, so he has a country. The KNU soldiers became dissatisfied.

Revolution Is Not To Take But To Give to the National People—Mahn Ba San.

We Do Not Know How To Fight Without the Credo of Revolutionary War—Shwe Saing.

If Karens Want a Karen State, They Should Act in Such a Way That Burmans Want To Give Them a Karen State. The Burmans Must Act in Such a Way That the Karens Do Not Want To Secede—Saw Ba Oo Gyi.

When Karens Realize That They Are Karens, That is the Day They Will Have a Karen State—Saw Ba Oo Gyi.

A Revolution Succeeds With Combined Forces—Phu Ta Aye.

Nga Mya turned his back on Manerplaw and the posters with these slogans that he selected. The question is echoing in the Manerplaw Camp: Where is Gen. Mya? Because of Nga Mya's agitation, the Christians and Buddhists were left behind in Manerplaw with suspicions of each other. The Buddhists were paranoid and the Christians had low morale.

Lieutenant General Tarmalabaw, second leader of the KNU, was dissatisfied when Nga Mya appointed Brigadier General Htein Maung, his wife's brother-in-law, to act on his behalf.

[FBIS Translated Text] Buddhists are joining the enemy units. The enemy units are behind the DKBO splinter group. The enemy is attacking the ABSDF's [All Burma Students Democratic Front] Central Dar Gwin and Daunggwin Camps. Enemy shells killed soldiers at the Kawmura Camp. Three officers and 14 privates are warded at (Mohauk) Hospital. The enemy has joined hands with the Buddhists.

To prevent the disintegration of subordinate units, Nga Mya issued this false information concerning the DKBO. He ordered that news be spread that the SLORC [State Law and Order Restoration Council] was killing DKBO members so the Buddhists would return to Manerplaw. He also incited the Christians by saying that Buddhists were killing Christians. Most of the KNU commanders did not believe Mga Mya's inconsistent messages.

It was disheartening news for the Buddhists to hear that Nga Mya ordered the destruction of Eiksataya Phaungdaw-U Chedi after burning down the Thay Ro Hta Monastery. Nga Mya ordered the news be spread that they were destroyed and gutted in fires during an explosion at the underground arms depot.

At the moment, Nga Mya is not in Manerplaw. Young KNU members have full confidence in the news that the Buddhist organization cooperated with the Defense Services.

Gen. Maung Maung [words indistinct] and shook his head and said: The enemy halted the offensive and called for peace on 28 April 1992. We responded with ineffective attacks. We also answered by joining forces with drug kingpin Khun Sa, who is not accepted by the world. We said Khun Sa must also be put on the path of peace talks. Listening to the KIA [Kachin Independence Army], we unwisely said that talks had to be held in foreign places such as Bangkok or Tokyo. We looked for a pole when we could have plucked the fruit by hand. The enemy has tolerated us for nearly three years. It is not their fault if they attack now, and they are not wrong if they assist the Buddhists. Actually, this is the Lord's punishment on us.

The KNU members became more demoralized when they heard Gen. Maung Maung. Some did not want to believe.

The enemy says it has halted the offensive and called for peace. Will the enemy dishonor its own words? The enemy has halted the offensive. Have we stopped the offensive? They called for peace. Have we tried to achieve peace? Another thing is that they are the legitimate government. They have the right to decide whether to halt or continue the offensive, to offer a peace, or to attack. The SLORC is under nobody's influence. (?Our KNU is our KNU).

Brig. Gen. Htein Maung became suspicious of Gen. Maung Maung when he heard his comments and criticism. Gen. Maung Muang and Justice Minister Colonel Tu Tu Lay were the first to hold talks with the Buddhists. They might have been sent by the Buddhists to [word indistinct].

Lt. Gen. Tarmalabaw is the chairman of the Confluence Mediation Committee. He cannot be trusted. That is why Nga Mya appointed Brig. Gen. Htein Maung to act on his behalf. Brig. Gen. Htein Maung got the idea to stage a coup within the KNU. Nga Mya can become rich if he becomes leader of the KNU.

Right now where is Nga Mya? Nga Mya is in Bangkok while the Manerplaw Camp is in disarray.

Karen Guerrillas Set Up 'Mobile Headquarters'

BK0602051395 Bangkok THE NATION in English 6 Feb 95 p A4

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Ethnic Karen guerrillas are reappraising their military and political strategies against the Burmese junta and have already re-established "a new mobile headquarters" to replace Manerplaw, which was captured by the Burmese army over a week ago.

The strategies include some changes in the leadership of the Karen National Union (KNU). Some of their leaders have expressed a wish to retire because of old age and failing health.

In an interview yesterday, KNU spokesman Arthur Shwe denied that the reshuffle was the result of the religious conflicts inside the Karen organization which led to an eventual breakaway of some 300 to 400 Buddhist troops.

The Buddhist mutineers, led by Kyaw Thant, on Dec 21 formed a rival faction, called the Democratic Kayin (Karen) Buddhist Army, and assisted the Burmese army, which unexpectedly broke its unilateral ceasefire, to attack the KNU headquarters. The mutineers have accused KNU leaders of discriminating against Buddhist followers and failing to promote Buddhist members to high positions.

"Some of our elderly leaders may choose this as the moment to step aside, but not because of the split," a statement issued by Arthur Shwe said, also secretary of the KNU foreign affairs. "They want to step aside to make room for the younger generation," he added in the interview.

He identified Phado San Linn, KNU deputy secretary-general, as having stated his desire to step down because of old age and poor health. KNU President Gen Bo Mya still commands popular support and respect from KNU rank-and-file members, he said.

The KNU, he said, remains united despite the fall of Manerplaw and the breakaway and is determined to continue its fight against the Burmese junta, known as the State Law and Order Restoration Council (Slorc).

The Karen spokesman said the KNU has already established "a new mobile headquarters ... somewhere inside Burma" and most of the leaders, including Gen Bo Mya, are there now. He declined to reveal the location of the new stronghold citing security reasons.

"It only be a temporary headquarters because at this stage it is not viable to establish a permanent one," he added.

Shwe said the Karen is currently reappraising its political and military strategies and that it has not abandoned its stance to seek a peaceful political settlement through negotiations with Slorc.

"We told Slorc that we are always ready for peace talks" but "Slorc is intent on wiping out the KNU by force and has no intention of solving the problem peacefully," he said.

Shwe accepted that the KNU had a thorough reassessment of its military strategies after the major Burmese offensive in 1991-1992 to capture Manerplaw, were the KNU suffered tremendous human and weaponry loss in defending the stronghold on the Moei River.

His view resembled those of other KNU officers, who said in separate interviews last week, that the KNU had, since the 1991-1992 offensive, widely known as the Sleeping Dog Hill offensive, changed its "defensive military strategy" into "fully mobile guerrilla warfare."

The KNU has since then decided that it would not deploy a large number of troops to defend static strongholds, particularly Manerplaw.

Government Statement Denies Manerplaw Takeover

BK0602050595 Oslo Democratic Voice of Burma in Burmese 1430 GMT 5 Feb 95

["Statement" issued by the National Coalition Government of the Union of Burma on 5 February; place not given]

[FBIS Translated Text] The State Law and Order Restoration Council [SLORC] held a news conference on 3 February to explain that its troops did not capture the Manerplaw general headquarters [of the Karen National Union—KNU]. Rather, the DKBO [Democratic Karen Buddhist Organization] captured it and the SLORC troops merely provided support and assistance to the DKBO. This statement by the SLORC is absolutely untrue. [passage indistinct]

According to Khin Sar Min and Pyi Aye from the [words indistinct] group who rejoined the KNU, the SLORC instigated and encouraged the conflict within the KNU. Since the last week of December, SLORC troops have provided DKBO members with cash, supplies, medicine, and weapons. The commander of the SLORC's 33d Division stationed in Kamamaung contacted DKBO units and gave them assistance through the (Mae Hka) Monastery.

On 2 January, SLORC Major General Maung Hla and about 20 officers came to Myainggyingu Monastery and held closed-door talks with the DKBO leaders, including U Thuzana, abbot of the Myainggyingu Monastery, from 1000 to 1100. The major topic of the discussion was the formation of an alliance between the SLORC and the DKBO and the launching of an offensive to capture Manerplaw. The meeting agreed to carry out one-sided propaganda to give the impression that the DKBO represents the Karen revolution once Manerplaw was captured and to work hand in hand with the SLORC. The SLORC deployed units from the 22d, 33d, 44th, and 66th Divisions as attack forces and regiments under the command of the Southeast and Eastern Commands as support forces to launch the offensive against Manerplaw, or a total of 10,000 SLORC troops.

Heavy weapons such as 76-mm, 82-mm, and 120-mm artillery guns were deployed and fired continuously throughout the duration of fighting in the central Manerplaw area between 20 and 26 January. It has been learned that the SLORC troops used light rubber boats carrying six to eight soldiers each to cross the Salween River. About 1,000 DKBA [Democratic Karen Buddhist Army] soldiers participated in the Manerplaw offensive. The major task of the DKBA was to reveal the secret paths in the central Manerplaw area.

The SLORC, which has no desire to solve the country's problems peacefully, has been consistently using force and resorting to blackmail to perpetuate its power. Through its Manerplaw offensive, it has shown that it has no desire to work for national reconciliation.

The international community is hereby urged to take political, economic, and diplomatic action against the SLORC military clique, which is hoodwinking the people of Myanmar [Burma] and the international community and repeatedly breaking its promises.

'Guerrillas' Vow To Destroy Thai Gas Pipeline

BK0602025695 Bangkok THE SUNDAY NATION in English 5 Feb 95 pp A1, A2

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Ethnic Karen and Mon guerrillas have threatened to obstruct and destroy the gas pipeline Burma will use to transport natural gas from the Gulf of Martaban to Thailand, arguing that the resource belongs to the Burmese people and not the military junta in Rangoon.

Guerrilla sources estimate that at least 10,000 local people have already been forcibly relocated or will eventually be affected by the pipeline project.

The threat came shortly after the Thai and Burmese governments signed on Thursday a 30-year contract in which Thailand agreed to pay Bt [baht] 10 billion per year for supplies of natural gas.

The signing took place only one week after the Burmese army attacked and captured the headquarters of ethnic Karen rebels at Manerplaw, opposite Tha Song Yang district in Tak province.

The Mon and Karen people, traditional inhabitants of Burma's southeastern Tenasserim division through which the pipeline will travel on its way from the Andaman Sea to the Thai border town of Ban E-tong in Kanchanaburi province, are receiving growing support in their opposition from environmental and human rights groups in the United States.

They have accused the US oil giant Unocal, one of four partners in the pipeline project, of contributing to ongoing human rights abuses by the Burmese junta.

The groups have threatened to sue Unocal under several basic principles in the US law of tort. The law could be used to hold US corporations, which enter into contractual relationships with disreputable parties which could reasonably be foreseen to practice human rights abuses, liable for any harm resulting from their economic activities.

They are also studying the existing US "Selective Contracting Laws," a process through which local government bodies either state, federal or city, can take economic measures to support a democratic or human rights movement in another country.

In the past few years, Unocal shareholders themselves have tried to pass a resolution at successive annual general meetings calling on the firm's board of directors to terminate all financial and business ties with the

Burmese junta, known as the State Law and Order Restoration Council (Slorc).

Thai authorities, while expressing optimism that the multi- billion-dollar project will go ahead on schedule without any obstruction by armed ethnic groups, conceded that the only possibility of the project being derailed is if the Slorc itself revokes the contract.

Although no major foreign investments have yet been revoked by the Slorc, previous Burmese military rulers seized and nationalized both Burmese and foreign companies and expelled foreigners from the country.

The Thai authorities said they understood that officials from the Slorc an French oil firm Total tried to avoid villages and strife- prone areas when they surveyed the 60-kilometre overland pipeline route, in order to reduce the risk of sabotage.

The pipeline will be laid three metres underground and a road constructed on each side to allow Burmese army patrols round-the- clock access. A strip of land about 10-20 kms wide has been cleared to accommodate the pipeline and the two roads.

While Unocal and Total executives have tried to argue that no local people have been affected by the pipeline project and have denied that their investment supports human rights abuses in Burma, Karen and Mon guerrillas said in separate interviews over the weekend that the pipeline is in fact passing through Mon, Karen and Burmese (local Tavoyan) villages.

They said relocation of the people from the designated strip of land took place as early as 1992 when the Slorc decided to give the green light to the project.

"At that time, we didn't know why the Slorc was moving out people, said a senior officer from the New Mon State Party (NMSP).

While the NMSP could not give exact figures for the number of people affected by the project, a senior officer from the Karen National Union (KNU)'s 4th Brigade based in Mergui/Tavoy districts said that a total of nine Karen villages with roughly 3,000 residents have been cleared out.

However, a much larger number of Mon villages and an unknown number of Burmese settlements—both having considerably larger numbers of residents than the Karen villages—have also been emptied, said the Karen officer, who asked not to be identified.

Most of the displaced villagers were forcibly resettled in Slorc controlled areas or put into work camps where they were forced to work without pay on junta development projects in the area. Some have fled across the border to Thong Pha Phum district in Kanchanaburi province, he said.

The KNU officer, who predicted a major Burmese offensive against the area controlled by his 4th Brigade, said he believes the Slorc will spare no effort to secure the pipeline—which runs through the area—and the whole Tenasserim division against any insurgency.

"But we'll certainly try to destroy it, and we intend to cooperate with the NMSP and Burmese dissident students in doing so, since all of us have been oppressed by the Slorc," he said.

The Mon officer said his group has not officially declared its intention to launch aggressive action against the pipeline, "but as long as there is no peace in Burma, the project cannot be implemented, whether or not we announce our intention to destroy it".

Both the Karen and Mon officers said the Slorc has no legitimate right to extract and sell the natural gas which is "the properly of the Burmese people and not only of a few members of the ruling military elite".

"The sale (of the natural gas) doesn't benefit the Burmese populace, it only benefits the Slorc. The NMSP has already announced that any purchase deals and pipeline projects have to be agreed with an elected democratic government, not with a dictatorial military regime," the Mon officer said.

SSPP Central Committee Member Interviewed

BK0602024695 Bangkok THE SUNDAY POST in English 5 Feb 95 p 17

[Interview with Perng Fa, a central committee member of the Shan State Progress Party, by Donald Wilson and David Henley]

[FBIS Transcribed Text] **Q: What are the circumstances of Sao Sai Lek's death?**

A: Sai Lek and the SSPP [Shan State Progress Party] have been in alliance with Khun Sa's Mong Tai Army (MTA) since 1991. Late last year Sai Lek traveiled from the Namkham-Shweli area in Northern Shan State to meet Khun Sa at the MTA capital of Ho Mong. Sai Lek's intention was to build a strong Shan alliance, including the Shan State Organisation (SSO), the Shan State Progress Party (SSPP) and Khun Sa's MTA. He also hoped to persuade Wa National Army and Kachin elements in Shan State to agree to accept SSO representation. His objective was to build a single armed force within Shan State to represent the interests of all the people of Shan State.

Q: What happened?

A: Quite simply, he fell ill and died. As we understand it, he developed water on the lungs and died as a result of shock following medical treatment. He was cremated in Ho Mong.

Q: Is his death a loss for the SSPP?

A: It is a great, great loss. He was the person best able to promote unity among the diverse groups of Shan State.

He was welcome among all ethnic groups. So his death is a great blow for the SSPP and for Shan State.

Q: How does the Slorc's seizure of the Karen headquarters at Mannerplaw affect Shan State?

A: We know that, following its operations in Karen State, the Slorc will send the Tatmawdaw [defense services] against the patriotic forces in Shan State. Its main target will be Khun Sa and the MTA. Khun Sa knows this and is preparing for it. The SSPP will offer support, but the building of a single armed force to represent the Shan nation has yet to be put into effect. This was the immediate aim of Sao Sai Lek, so again his untimely death must be seen as a great loss./

Q: Would the SSPP and its MTA allies be prepared to consider a ceasefire agreement with the Slorc along the lines already accepted by, for example, the Wa National Army and the Kachin Independence Organisation?

A: The Slorc has ruled out talks with Khun Sa, whom it dismisses as a drug trafficker. Khun Sa, for his part, says he will refuse negotiations with the Slorc because it is committing aggression against the Shan. As for the SSPP, when Sai Lek contacted the Slorc with a tentative offer of negotiations at Namhkam, the terms he was offered were unacceptable. The Slorc didn't want a truce, but a surrender. It required the SSPP to lay down its arms and surrender. This was unacceptable.

Q: Why should the Slorc accept a truce with the Kachin and the Wa, but refuse a similar arrangement with the SSPP?

A: Because the Shan are divided. This split weakens the Shan. It was this split that Sao Sai Lek hoped to heal. Yet again, his death is a tragedy for us.

Q: Formerly the MTA and the SSPP enjoyed the advantage of relatively open borders with Thailand. Now the Thais have sealed the border. Is this a problem?

A: Of course. The closure of the border was a great blow to the Shan. The Shan are a Tai people, like our brother Thais. We regret that the border has been sealed, but we understand Thailand's action.

Q: Faced with the pressures arising from the anticipated Slorc offensive, Thailand's border closure, and Sao Sai Lek's death, would the SSPP be prepared to settle for autonomy within Burma, rather than full independence?

A: We would like independence, naturally, but perhaps this is an unrealisable ideal. On the other hand, autonomy within Burma would depend on there being a new Burmese Union, based on genuine equality, human rights and self-determination. This would have to meet the democratic approval of the people. A federal Burma based on equality and self-respect like that enshrined in the European Community might be acceptable to the Shan.

[FBIS Transcribed Text] **Q: Is the Shan State Army [SSA] operating west of the Salween?**

A: Armed groups from both the SSA and the MTA have infiltrated throughout Shan State, including those regions west of the Salween, in anticipation of a forthcoming clash with the Slorc. We expect a

major attack and we are preparing to meet it. Popular support is total throughout Shan State.

Q: Among non-Shan minorities too?

A: Non-Shan minorities in Shan State are cooperating. The Shan treat other minorities with respect and with caution, especially the Wa.

Q: Why?

A: Because the Slorc are so clever at exploiting differences between people. They are very devious, very cunning.

Q: Does the SSPP enjoy support among Shan people settlod beyond Shan State—in Mogok, or Kachin State, for example?

A: We are organising in those areas, but have no active membership yet.

Q: What is the position of Burmans living in Shan State?

A: Those who have been there for years, long-term residents, are just like family. We have no quarrel with them, nor they with us. But some new arrivals behave arrogantly, like conquerors.

Q: New arrivals? Is Slorc bringing in new Burman settlers?

A: Yes. Settlers and also criminals from Coco Island (a former prison island in the Preparis Channel south of Rangoon). The main areas of such settlement are around the big towns, for example Taunggyi and Lashio. Kengtung will be the next target.

Q: Are there Chinese settlers coming into Shan State?

A: Yes, plenty of them. Again, mainly in the big towns like Taunggyi and Lashio. They come to do business. They are not very popular. Burma is now increasingly suffering from domination by the Chinese. This may lead to problems in future.

Q: Are Kuomintang Chinese still active in Shan State?

A: No more. They have all gone to Thailand, or to Mandalay and Meiktila (in central Burma).

Q: Can you comment on Khun Sa's supposed role as a major drug trafficker?

A: I cannot comment.

Q: But Khun Sa's real name is Chang Chi-fu, he is half Chinese as well as half Shan. Is he really a Shan patriot? And is he strong enough to fight off a sustained Burmese attack?

A: Wait and see. He must prove himself. As to whether he can resist the Slorc, again I have no comment. He must fight. He has no place else to go.

Muslim Rebel Surrenders in Mergui

BK0402160695 Rangoon Radio Myanmar in Burmese 1330 GMT 4 Feb 95

[FBIS Translated Text] As members of the armed groups in the jungle have realized their terrorist actions and acquired the proper view, they have been returning continuously to the legal fold at various military camps.

Private Tun Yan Naing Lin, 19, of the Muslim armed group in the jungle, returned to the legal fold at the local battalion in Mergui on 22 January with one AK-47 assualt rifle, one AK-47 magazine, and 30 rounds of ammunition.

ps, Kills Soldiers

BK0302053295 Bangkok BANGKOK POST in English 3 Feb 95 p 3

[FBIS Transcribed Text] Four Burmese soldiers were killed and three wounded in clashes with the student army of the All Burma Students' Democratic Front [ABSDF] during the past few days, according to a press release issued yesterday.

The Central Committee of the ABSDF said the 3rd Column of the Students' Army intercepted Burmese troops from the 19th Infantry Battalion near Mae Sa Ree Khei on January 30.

Four Burmese soldiers were killed in the 30-minute battle which occurred at 1.40 a.m. No casualties were reported on the Students' Army side.

In another clash with the Burmese army on January 22, the same battalion was ambushed by the students in which three soldiers were wounded, including one sergeant.

On January 28, the 1st column of the Tavoy-based 25th Infantry Battalion and the 1st column of the Thayetchaung-based 404th and 405th Infantry Battalions launched an attack on Kamahaw village.

The village is the battalion headquarters of the 10th Battalion of the Karen National Liberation Army [KNLA] based in Minthamee area.

Kamahaw village is about nine miles from Htee Hgtar village opposite Sai Yok District of Kanchanaburi province.

KNLA troops and the Students' Army of the ABSDF are defending the area and intense fighting is still going on, the report added.

Meanwhile, Burmese troops are said to be taking up positions along the Moei River. No Democratic Kayin (Karen) Buddhist Association troops were spotted with the Burmese troops, it was said.

On the Paw Pa Hta front opposite Tha Song Yang District of Tak Province, Burmese troops are proceeding to launch offensives against a combined KNLA and ABSDF force.

It was also reported that about 40 porters from the Burmese military had escaped to Paw Pa Hta.

Aung Khin Sint, Other Detainees Released

BK0402155795 Rangoon Radio Myanmar in Burmese 1330 GMT 4 Feb 95

[FBIS Translated Text] Twenty-three male detainees, against whom action was taken under existing laws and who were serving their sentences, have been released today from Insein, Toungoo, Moulmein, and Pakokku Jails after their remaining sentences were commuted according to Section 401-1 of the Procedure Code.

Among them, 12 were released from Insein Jail, one from Toungoo Jail, one from Moulmein Jail, and nine from Pakokku Jail. It has learned that Poet Tin Moe and Dr. Aung Khin Sint were among the detainees released today.

Refugees From Bangladesh Total 148,146

BK0302140495 Rangoon THE NEW LIGHT OF MYANMAR in English 27 Jan 95 p 7

[FBIS Transcribed Text] A total of 1,488 persons of 285 households arrived back at reception camps from Bangladesh on 19 and 20 January; 893 persons of 172 households on 23 January, and 870 persons of 168 households on 24 January under the agreement reached between Myanmar [Burma] and Bangladesh.

Altogether 148,146 persons of 30,469 households have arrived back from Bangladesh since 22 September 1992.

Brunei, Malaysia & Singapore

Malaysia

Royal Navy Ships Depart To Join UN Fleet

BK0302134895 Kuala Lumpur THE STAR in English 3 Feb 95 p 14

[Report by Raslan Baharom]

[FBIS Transcribed Text] Lumut: Two navy multipurpose supply ships, the KD [Royal Navy Vessel] Mahawangsa and the KD Seri Indera Sakti, have left to join the United Nations fleet to help the evacuation of 3,000 peacekeeping troops in Somalia.

A simple send-off for the 380 crew was held at the naval base here on Wednesday [1 February].

Chief of Defence Forces Jen [General] Datuk Ismail Haji Omar advised the crew to preform their task professionally as had been done by other Malaysian soldiers who took part in previous peacekeeping missions overseas.

"We must show the world that Malaysian soldiers have high work culture," he said in his brief speech on board KD Mahawangsa.

The crew of the KD Mahawangsa and KD Seri Indera Sakti were accompanied by more than 50 commandos, rangers and medical personnel.

Both ships are under the command of National Task Force commander Laksamana Pertama [First Admiral] Datuk Ahmad Haron.

Laksamana Ahmad Haron said the mission was expected to last until the middle of March.

"After that, we will proceed on a goodwill trip to Jeddah and Bombay after performing the umrah (minor haj)," he said.

"Our ships will be joining a fleet from the United States, Italy, France and Pakistan to help with the evacuation of the rearguard consisting of mainly Pakistani soldiers," he told newsmen.

The ships are expected to reach Mogadishu in two weeks.

Among those present at the ceremony were army chief Lt-Jen [Lieutenant General] Datuk Che Md [Mohamed] Nor Mat Arshad and Navy Chief Laksamana Madya [Vice Admiral] Tan Sri Mohd Shariff Ishak.

Mahathir Warns About Loss of GSP Benefits

BK0602093395 Kuala Lumpur THE SUNDAY STAR in English 5 Feb 95 p 4

[Report by Wan Suhaimi Saidi]

[FBIS Transcribed Text] Kuala Lumpur—Datuk Sri Dr. Mahathir Mohamed said Malaysia should be prepared to face the eventuality of losing the generalised system of preferences (GSP) benefits.

He said the country, in facing new conditions imposed by Western countries pertaining to the extension of the GSP, would try to adjust to the situation.

"We accept the fact that one day, we will not receive the benefits, but we must know what are the considerations and conditions.

"Once we know them, we will decide whether to adjust to the new conditions or appeal," he said after chairing UMNO [United Malays National Organization] Supreme Council meeting here.

The prime minister was responding to a STAR report that the European Union had imposed new conditions on countries, including Malaysia, wanting to enjoy the benefits and exemptions under its recently restructured GSP.

The report stated that beneficiary countries had been asked to "improve the quality of their development through more advanced social and enviromental policies" and the implementation had been delayed to 1998 to allow them to adapt their policies to those fields.

International Trade and Industry Minister Datuk Sri Rafidah Aziz, who was present at the meeting, said Malaysia was collectively opposing the conditions together with other beneficiary countries.

"We do not agree to the inclusion of non-trade clauses like environment and human rights. We still have time and we have started lobbying (against the move).

But for Malaysia, we must be prepared for whatever conditions to be imposed in the future. We must take out the GSP from our competitive measures," she added.

However, she said certain sectors still needed the GSP to expand their industries.

Malaysian Labour Organisation General Secretary K. Sanmugam said the EU should not impose non-trade conditions on developing countries for them to qualify for its GSP scheme.

He said free trade should not be tied up with non-trade conditions because it could bring serious implications to the economy of countries such as Malaysia.

"There should be no conditions other than trade conditions because this will hamper free trade and cause economic and other problems to the developing countries," he said.

"If free trade is obstructed because of these conditions, people will lose jobs and eventually destroy the process of industrialisation," he said.

Trade Minister Views EU Move on GSP

BK0602001195 Kuala Lumpur Voice of Malaysia in English 0600 GMT 5 Feb 95

[FBIS Transcribed Text] Malaysia and other developing countries will jointly oppose a move by the European Union, EU, to include clauses irrelevant to trade matters in the structure of the Generalized System of Preferences, GSP. International Trade and Industry Minister Datuk Sri Rafidah Aziz said the countries concerned still have time to convince the EU, including by lobbying, not to include the clauses on environment and labor in the GSP.

Speaking to newsmen in Kuala Lumpur, she said irrespective of the conditions imposed in the future, Malaysia should prepare itself to compete in the world market without depending on the GSP. Datuk Sri Rafidah also said the recently restructured GSP should not be [word indistinct] to include the whole spectrum of industry. There are some industries which are not prepared for it, especially those which have not made even a small headway into the European market.

Problems of WTO Addressing Labor Issues Viewed

BK0602093295 Kuala Lumpur THE STAR in English 4 Feb 95 p 12

[Article by Professor Mohamed Ariff: "WTO facing pitfalls over labour issues"]

[FBIS Transcribed Text] One of the hot issues that the newly-launched WTO (World Trade Organisation) will have to grapple with relates to labour standards in member countries. To be sure, this is an extremely difficult issue, given its complexity and ramifications.

It is often argued that free trade would reward those who exploit workers by paying low wages, maintaining poor working conditions, and applying inadequate safety standards. It is contended that exporters of goods produced by such workers are able to compete with others in the world market because of low labour costs.

This competition is labelled as "unfair," since the competitors apply markedly different labour standards with different cost implications. Countries with low labour standards are, thus, seen to enjoy a "unfair" advantage over those with high labour standards.

The above line of reasoning would force the WTO to insist on the adoption of "common" labour standards in all countries. This would mean that the exports of countries which do not observe such standards will have to face punitive measures (for example, import duty that would eliminate the cost advantage) in the importing countries.

Although the above argument seems to have much intuitive and emotive appeal, it poses intractably serious normative and practical problems.

Developing countries have strong reasons to cry foul because this would deprive them of their comparative advantage in labour intensive manufacturing and deny them an opportunity to climb up the development ladder.

The notion of uniform or common wage levels for all countries with dissimilar factor endowments goes against economic logic.

Wages, like all other prices, reflect supply and demand conditions which vary from place to place and from time to time.

Wages in developing countries are substantially lower than those in developed countries for a variety of reasons. These include labor surplus, low productivity, low cost of living in terms of purchasing power parity, and low level of industrialisation.

Low wages, associated with labour glut in many developing countries, are often negated by low productivity so much so that low wages cannot be equated with low cost of labour.

International comparisons of wage rates are beset by the variations in the domestic purchasing power of money that workers earn in their respective countries.

In other words, real wages tend to be much higher than money wages in developing countries after exchange rate conversions vis-a- vis developed countries. Moreover, low wages in developing countries reflect the stage of development they are at.

Imposition of import duties on the exports of low-wage countries would only aggravate the situation.

Reduced exports will mean less production, hence less demand for workers, lower wages, and poorer working conditions. The reverse would take place if there are no barriers to trade.

Admittedly, we cannot leave it all to free market forces. It cannot be denied that there is a need for rules, regulations, and other policy interventions to ensure that the workers get their due share of the benefits arising from free trade.

But, this provides no justification for any interference with the freedom of international trade itself.

Bringing labour issues into the WTO is fraught with dangers. It makes no economic sense to prescribe "common" labour standards for an extremely diverse group of countries. Nor is it easy to determine "minimum" standards in an objective fashion.

Besides, there is also the danger of the WTO being misused or abused by developed country protectionist forces for sheltering their own domestic interests against foreign competition in the guise of labour concerns.

Developed countries, which now boast about high labour standards, have gone through earlier phases when their labour standards were substantially inferior.

It is, thus, very wrong to juxtapose developing countries with developed countries. It is like comparing apples with oranges.

GATT (General Agreement on Tariffs and Trade) was able to keep labour issues at bay, although the Final Act of the Uruguay Round was only a whisker away from not being signed with some countries, including France and the United States, demanding an inclusion of provisions for international labour standards.

As a matter of fact, the attempts to link labour standards with international trade are not new. The Havana Charter of 1948 for the then proposed ITO (International Trade Organisation) spoke of "unfair labour conditions" in export production creating "difficulties" in international trade and the rights of each member to take "whatever action may be appropriate and feasible."

The issue was elevated again on the international agenda in 1994 through the demand for a formal inclusion of labour standards in the mandate of the WTO after the successful completion of the Uruguay Round negotiations. The WTO is now obliged to discuss the topic of labour standards.

The irony of it all is that barriers to trade will hinder, not help, workers in developing countries by reducing employment opportunities. The argument that trade policy measures will force some countries to improve their labour standards is flawed on two counts.

First, as postulated earlier, labour standards will have to jive and do not go out of step with the rest of the economy.

Second, there are other avenues such as the ILO (International Labour Organisation) to take care of the well-being of workers.

It is wrong to load the WTO, a specialised trade agency, with labour matters that fall within the purview of another specialised agency, that is the ILO, especially if we acknowledge that specialisation makes eminent sense.

Two Diplomats Elected to WTO, UN Posts

BK0602024495 Kuala Lumpur BERITA HARIAN in Malay 4 Feb 95 p 6

[Report from Zamzam Omar]

[FBIS Translated Excerpt] London, Friday—Malaysia was internationally honored on two occasions within a week when Ambassador Harun Siraj, its permanent representative to the United Nations (UN) in Geneva, was elected chairman of the World Trade Organization (WTO) Trade and Development Committee last Tuesday [2 February].

The decision to elect Harun to hold one of the 10 important positions in the WTO was the result of the international community's trust and honor accorded to Malaysia in connection with its increasingly important role at the international level.

Earlier this week, Datuk Musa Hitam, the former deputy prime minister, was elected as the chairman of the UN Commission on Human Rights during a six-week conference held in Geneva.

Harun was unanimously elected as the representative for the developing nations' during the first session of the WTO executive council meeting. Apart from his election, Singapore Ambassador K. Kesavapany, who is also Singapore's permanent representative to the UN in Geneva, was also elected as the first chairman of the WTO Executive Council. [passage omitted]

Editorial on Mahathir's Visit to Philippines

BK0302133995 Kuala Lumpur UTUSAN MALAYSIA in Malay 2 Feb 95 p 6

[Editorial: "Confidence in Malay-Philippine Relations"]

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed's 22-hour visit to Manila last weekend was not merely to launch the Proton Wira automobile and officiate at the groundbreaking ceremony for Proton's first overseas plant at Pangasinan. Even though the visit was aimed solely at the launch of the Proton automobile, Dr. Mahathir's brief talks with President Ramos also proved to be fruitful.

The meeting—the fourth within a year—focussed on new issues instead of digging up historical issues such as the claim on Sabah or illegal immigrants.

Their talks were on target with regard to the possibility of exploring joint ventures in the agricultural sector. The Philippines has vast areas of fertile land while Malaysia has broad- based expertise in technology and strategy and experiences in that sector, particularly in connection with palm oil and rubber.

It is similar with tourism, which has become the nation's third most important sector. Ramos' invitation to Malaysia to cooperate in the development of the country's tourism sector came at an opportune moment. Apart from the opportunity to prove and demonstrate its expertise and excellence in this field, Malaysia is currently looking for new regions abroad for that sector.

In fact, the recent launch of the Proton Wira automobile and the opening of the Proton Pilipinas Corporation joint venture plant was not a new or unique endeavor undertaken by the national automobile industry.

The plant will provide employment opportunities to 700 [figure as published] local people and also create greater business opportunities, from small-scale food stalls to modern component production industries.

A diversified form of bilateral cooperation will definitely result in greater and more frequent mobility between the peoples of the two countries. Relations between the two peoples, laconic for 30 years, will indirectly become warmer. This will in turn bolster greater regional cooperation among ASEAN members.

During his brief visit, Mahathir was accorded a very warm welcome not only by Ramos and his wife Amelita but also by the people. This indicates a renewed and closer fraternal relationship since his last visit to the Malacanang Palace last 3 February.

Greater and closer bilateral cooperation ensued after the meeting last year. It took approximately one year for Proton automobiles to appear on the country's roads following discussions on introducing the Proton automobile into the Philippines.

The call for cooperation by the Philippines should not merely be seen as an effort to profit from the economic and industrial sectors. More importantly, it should be seen as another indication of a foreign country's confidence in Malaysia.

Command Ship Commissioned Into Royal Navy

BK0302132795 Kuala Lumpur NEW STRAITS TIMES in English 2 Feb 95 p 6

[FBIS Transcribed Excerpt] Norfolk (Virginia), Wed.—KD [Royal Ship] Sri Inderapura, Malaysia's new command ship, was commissioned into the Royal Malaysian Navy (RMN) at the U.S. Naval Amphibious Base here yesterday.

Commanding officer of the ship Kapt. [Captain] Noor Azman Othman said the landing ship tank (LST) would not only enhance the navy's sealift capability while engaging in maritime operations, but would also serve as a valuable platform for Malaysia's newly-formed Rapid Deployment Force.

The LST's other primary role includes transportation of Malaysian peacekeeping troops across the globe.

Kapt. Noor Azman noted that Malaysia ranked seventh in terms of its manpower involvement in UN peacekeeping operations worldwide.

Sri Inderapura is the fourth LST Malaysia acquired from the U.S. and the first of its class to be operated by the RMN. The 173-metre vessel is the 14th of a class of 20 high-speed oceangoing LSTs designed to transport troops, tanks, amphibious vehicles, and heavy equipment of the (U.S.) Assault Landing Force.

"The ship will not carry and land marines on hostile shores as she was used to (under the U.S. Navy) but will find new roles when operating in our region," Noor Azman said upon receiving a pin to signify his readiness to command the ship from Malaysian Ambassador to the U.S. Datuk Majid Mohamed.

His speech was followed by the Negaraku [Malaysia's national anthem] and the hoisting of the RMN's colour to mark the beginning of the ship's active service in the Malaysian Navy. [passage omitted]

The LST is capable of offensive assault operations in war and humanitarian rescue and support missions in peacetime.

It has a top speed in excess of 20 knots and has the ability to transport 400 troops and 500 tons of equipment or about 22 tanks.

Cambodia

Khmer Rouge Radio Criticizes Talbott Statements

On Providing Arms

BK0602005595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 3 Feb 95

[Unattributed commentary: "The United States Has Been Providing Weapons to the Two-Headed Government But Talbott, U.S. Deputy Secretary of State, Said That the U.S. Has Not Yet Given Weapons to the Two-Headed Government"]

[FBIS Translated Text] During his visit to Phnom Penh from 28 to 29 January, Talbott, U.S. deputy secretary of state, said the United States will not provide weapons to the two-headed government until the latter has carried out political and military reforms.

This statement is a deception. The fact is that the United States has provided money to the two-headed government to buy weapons and ammunition and has dispatched military advisers and personnel and military experts to successively assist the two-headed government. However, they have been defeated again and again, season after season, year after year. They have been successively defeated since 1993, since the time of UNTAC [UN Transitional Authority in Cambodia], and since the birth of the two-headed government. In 1994 the granting of $30 million and of many other millions of dollars to the two-headed government to buy weapons to attack Democratic Kampuchea and the people also has been smashed. They have been squarely defeated.

To this day, the two-headed government is very much down and out. Politically, economically, financially, and socially, this government is crumbling. This is why the United States is pondering whether to continue providing more money and weapons to the two-headed government. Will this again lead to defeat?

People have predicted that if the United States provides more money and weapons to the two-headed government, this will certainly lead to further defeats. Observers hold that the United States is continuing the communist Vietnamese war in Cambodia and yshould be aware that this could be like in Somalia. Yet others say that this may even be worse than Somalia.

On Opposing Khmer Rouge

BK0602015095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 3 Feb 95

[Unattributed commentary: "Talbott, Deputy Secretary of State, Told the Two-Headed Guys That There are Two Ways To Oppose Democratic Kampuchea: On the One Hand Continue the War and on the Other Carry Out Political Reforms and Develop the Economy"]

[FBIS Translated Text] At the meeting with the two-headed Hun Sen and Ranariddh in Phnom Penh on 29 January, Talbott, the master of the two-headed guys, told Hun Sen and Ranariddh that two paths should be used to oppose the Khmer Rouge: one hand will continue the war while the other will carry out political reform and develop the economy.

People ask this question: Can this be done? In fact, the Western alliance has done its best to help the two-headed government militarily for a long time already, particularly since the time of UNTAC [UN Transitional Authority in Cambodia]. However, the alliance has been defeated again and again, just like in 1955, 1960, 1970, and 1975.

Furthermore, the United States, France, Australia, Japan, governmental and nongovernmental organizations, the World Bank, and so on, have been helping the two-headed government. Altogether, hundreds of millions of dollars a year have been spent to buy weapons and ammunition to attack the Cambodian nation and people. However, this has been repeatedly defeated. The two-headed government previously was beaten 100 percent, but now it is 1,000 percent. It is so down and out and on the way toward disintegration. The cause is the communist Vietnamese war and the continuation of this war. The two-headed government has wasted money in the war. It is also very corrupt. A lot of this aid money has been used to line the pockets of officials, from top to bottom.

The two-headed government implements a dictatorial and fascist policy. The communist Vietnamese and their puppets, namely Hun Sen, Chea Sim, and Sar Kheng, are in full control of the two-headed government and of the alliance. Furthermore, the communist Vietnamese use the money to feed their Dac Cong [sappers] special forces and the forces of the Communist Party of Vietnam who are directly in charge inside Cambodia, from Phnom Penh to the provinces, districts, and communes. These troops have plenty to eat. All kinds of materiel have been bought to equip these communist Vietnamese forces with trucks, ships, boats, machinery, oil, medicine, clothing, ammunition, and so on. Thus, Talbott's statement is nothing and is also a gross lie. The fact is that the economy has not been developed. The aid is for continuing the war to kill the Cambodian nation and people.

The Cambodian nation and people oppose the warmongering policy of the United States, the two-headed government, and the communist Vietnamese, and will struggle against them to deal successive blows. The warmongers are being defeated by the people in Somalia, Bosnia, and others. The United States should learn from problems in Somalia and Cambodia and use them as history lessons.

Khmer Rouge Radio Reports Clash in Siem Reap

BK0602050995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 5 Feb 95

[FBIS Translated Text] On 4 February, our people in Siem Reap provincial town lobbed hand grenades into a bar in Phsar Leu, killing or wounding soldiers, policemen, and administrators of the province as well as Vietnamese prostitutes. Among those killed were two Army colonels, two Army majors, an Army captain, several provincial officials and police commanders, and seven Vietnamese taxi dancers.

On the same day, our people also attacked a bar near the Run Ta Ek Monastery east of the Angkor Wat temple with hand grenades and B- 40 rockets, killing or wounding 42 soldiers from the 11th Division. Among those killed were 19 Vietnamese puppet commanders and some Vietnamese prostitutes.

Also on 4 February, the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party in Siem Reap town staged a protest asking King Norodom Sihanouk to consider ways to solve national and social problems to ensure the survival of the nation and people. The people said the reigning king must solve the problems of the people and his children. He should not let the two-headed elements, the out-and-out lackeys of communist Vietnam and other foreigners, massacre the people at will. The people added that the situation has become extremely serious and that if the two-headed government is allowed to stay on, everybody—including the reigning king, people, and the kingdom—will certainly meet their end.

The communist Vietnamese puppets—including the Army, police, and administrative personnel under the command of the Communist Party of Vietnam in Siem Reap—were sent to confront the demonstrators. Some of them menaced the king while some threatened to arrest the demonstrators. The people, however, said that they will continue to stage protests, distribute leaflets, and lob hand grenades and Molotov cocktails at them, like the students in South Korea. They will never allow the traitorous group to kill the people in Siem Reap and the Cambodian people as a whole at will.

Sihanouk Appeals to Khmer Rouge on Nonviolence

BK0602054695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 5 Feb 95

[Speech by King Norodom Sihanouk at a meeting with peasants in Peareang District, Prey Veng Province on 5 February—recorded]

[FBIS Translated Excerpt] [Passage omitted] Concerning the security situation, I can tell you that insecurity is gradually declining as the forces of Mr. Pol Pot have been greatly reduced. There may be some insecurity in certain areas of our Kingdom, but this is no longer a big problem. For this reason, I will not elaborate.

The elders of Prey Veng have just said that with my return the country will have happiness and have asked me to spread the law of nonviolence; the law of gentleness. If all of us adhere to the teachings of Lord Buddha, we are sure to have peace and happiness. We will have plenty of rice and water. We will be happy and live in peace. Nothing will be impossible for us to achieve. If we do not deviate from Lord Buddha's teachings—from Buddhism—we will have peace. With peace, nothing is impossible.

Therefore, from Prey Veng—that is, from here Peareang—I would like to appeal again to Mr. Pol Pot, who is living near the Kingdom of Thailand: His Excellency [H.E.] Pol Pot, H.E. Ieng Sary, H.E. Nuon Chea, H.E. Ta Mok, and H.E. Khieu Samphan, please have pity for our people; for our nation. I urge you to observe the five precepts—never mind the eight precepts that I personally have sworn to observe until my death to gain merit for all of you, my children. I ask these excellencies to observe just the five precepts and especially the main precept of nonviolence. Stop fighting, stop using arms, stop killing others, stop burning houses and villages, stop abducting and torturing innocent people, and stop using people as slaves. I am not asking you to observe the strictest teachings of Lord Buddha, just observe the most fundamental ones, such as the first precept about refraining from killing. If you stop killing others, if you hold fast to this major precept, it will be the ultimate bliss; we all will enjoy happiness.

So that is what I ask of you one more time. The other day, at Phnum Sampeou in Battambang Province, I told you over radio and television that I would comply, even if you wanted me to kneel down before you, if you would stop fighting. The offer still stands. I will kneel down without any hesitation. For the time being, I am kneeling before Lord Buddha, Dharma, and Snagha only. I will kneel before you when you agree to stop fighting. I will kowtow not out of respect but because you have agreed to do what I ask so that our people, nation, and country can have peace.

We need peace, but you have asked how we can have peace if so many Vietnamese, Viet Minh, and Viet Cong are still attacking our country. This claim is not true, my children. Since 1991, when I signed the Paris agreement, no one has permitted them to harm you, my children. I will not remain idle if they dare harm you, for I am not afraid of them. I am not afraid of anyone, whether a large or a small country. I am not even afraid of the superpowers. I have spent most of my life protecting independence, peace, and territorial integrity for you. [applause]

Therefore, they should not make such a claim. What they need to do is to stop fighting and return to the national fold to help rebuild our country. That would be better.

What I have just said is the law of Lord Buddha and not a law created by Sihanouk. Lord Buddha discovered it before anyone else. We need only to follow his teachings; it is not difficult at all. [passage omitted]

Ministers Say KR Preparing Nationwide Offensive

BK0602151395 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 6 Feb 95

[FBIS Translated Text] His Excellency [H.E.] Sar Kheng and H.E. Yu Hokkri, co-ministers of interior, said in a monthly security report issued last week that the Khmer Rouge [KR] have dug tunnels and divided its forces into small groups. These groups are hidden in various areas waiting for orders to launch a nationwide offensive. H.E. Sar Kheng added that the rebels continue to disturb districts in all provinces.

French Cooperation Minister Arrives for Visit

BK0602145495 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 6 Feb 95

[FBIS Translated Text] A delegation of the French Cooperation Ministry led its minister, His Excellency [H.E.] Bernard Debre, arrived at 1100 today for a five-day visit. The visit is at the invitation of H.E. Ing Huot, minister of foreign affairs and international cooperation.

Welcoming the delegation at Pochentong International Airport were H.E. Ing Huot and his wife; H.E. Uch Kim-an, state secretary of foreign affairs and international cooperation, and H.E. Lelidec, French ambassador to Cambodia.

During his visit, Debre is scheduled to hold a working meeting with his Cambodian counterpart. He will be received by the two prime ministers this afternoon.

Commentary Praises Paris Club Debt-Relief Offer

BK0602051795 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 4 Feb 95

[Political commentary: "Invaluable Sympathy of the International Community"]

[FBIS Translated Text] The Paris Club of wealthy creditor nations has decided to offer Cambodia a 67-percent write-off. It is worth recalling that the club, consisting of 18 wealthy creditor countries, held a special meeting in Paris recently and that an official of the club told REUTER that the Kingdom of Cambodia is the first country to be offered new debt-relief terms.

The move constitutes an enormous encouragement to the Kingdom of Cambodia, which has just recovered from the protracted war of more than two decades and which is now painstakingly mustering all national energy to restore and redevelop the motherland. The right decision made by the Paris Club also constitutes an important impetus to the royal government's efforts to do what it can to improve our economy and carry out plans it has pledged to IMF.

It should be noted that the debt that Cambodia still owes to OECD is estimated to be $230 million. Therefore, based on the new write-off, Cambodia's debt is still about $70 million that should be paid off within 30 years.

A foreign analyst says the agreement reached by the Paris Club in January to increase the debt-cancellation percentage from 50 to 67 in favor of poor countries—Cambodia has been offered a special write-off of 67 percent—is testimony to the sympathy of the community of international aid donors which is in support of the economic reform currently being undertaken in Cambodia.

This is the best and biggest news for the Cambodian people because it proves that aid donor countries have continued to provide aid to and side with the royal government. The supreme decision taken by the Paris Club also reflects the confidence of the creditors in the royal government, headed by Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, which is pursuing a policy aimed at reforming and restoring the country's economy. Moreover, the decision to offer debt-relief terms to Cambodia is also evidence that the international community has justly assessed the country's economic progress, which has become more and more stable. On the contrary, the decision by the 18 creditor nations on Cambodia at this point in time constitutes a heavy blow striking the Khmer Rouge rebels—who are extremely stubborn and imbued with foolish ambition to wreck the nation and ruin the people—in the face, making them realize that whatever their attempt, the wheel of history will never spin backward. With the continued assistance from the international aid donor community, sooner or later, those rebels will be completely crushed and turned into rubble in a prosperous country.

The write-off of about $160 million in favor of Cambodia also constitutes a most bitter shame for the group of people, who have nurtured intense personal ambition and who have recently launched a campaign to prevent foreign aid to the Kingdom of Cambodia, to realize that they can never carry out their most stinking maneuvers to prevent the sympathy of the broad international community toward Cambodia.

It is in this context that the royal government and Cambodian people wish to express their deepest thanks to the international aid donor community for its invaluable sympathy. They value the generous decision, not only as a move that will speed up the restoration and redevelopment of the country, but also an efficacious medicine to wipe out the Khmer Rouge, those playing the Khmer Rouge games, or those holding the Khmer Rouge as political cards.

Reaction to Rangsi Criticism of Airline Deal

BK0302132195 Bangkok THE NATION in English
3 Feb 95 p B3

[FBIS Transcribed Text] The Cambodian government has issued a statement to counter Cambodian MP Sam Rangsi, former finance minister, who criticized Phnom Penh's controversial deal with Malaysian Airlines (MAS) on national airline project which led to the sudden cancellation of another agreement with Thai-owned Cambodian International Airlines (CIA).

In the official statement, Phnom Penh under the leadership of premier Prince Norodom Ranariddh, charged Rangsi of leaking confidential information to the press about a contract signed by the Royal Government and the Malaysian partner to form Royal Air Cambodge (RAC).

Phnom Penh said the Rangsi criticism came at a time when Cambodia is striving to gain confidence from foreign investors to alleviate the country's high unemployment and boost economic growth.

Thai-owned Cambodian International Airlines meanwhile said last week it is preparing to file a damages suit against Phnom Penh after it failed to respond to a notice from CIA's lawyers.

Phnom Penh counter-charged that Rangsi seems to be campaigning now against established international Malaysian investors who have decided to invest in Cambodia.

Outspoken Rangsi was removed from his finance portfolio late last year due to an economic policy clash with Ranariddh. His drastic review of foreign business contracts secured under the former Phnom Penh regime ran counter-productive to the government's effort to mobilise foreign investment.

"A responsible MP, with high regard for democracy and integrity and who wishes to check the constitutionality of the RAC contract would have gone through the normal democratic process. Instead, Mr Sam Rangsi tries to manipulate public opinion and blatantly encourages the leakage of confidential information to the media," said the statement.

Development Council Criticizes Rangsi

BK0602093195 Phnom Penh National Radio of
Cambodia Network in Cambodian 0500 GMT 6 Feb 95

[FBIS Translated Text] The Cambodian Development Council [CDC] sees Sam Rangsi, the former finance minister, as an MP who has tried to make foreign investors lose confidence in the Kingdom of Cambodia and create a negative image of Cambodia.

In a 2 February press communique, the CDC expressed regret, saying Sam Rangsi, once known for his dislike of Thai investors, seems to be campaigning now against international Malaysian investors who have decided to invest in Cambodia.

It should be recalled that on 30 January, Sam Rangsi issued a statement demanding the annulment of a contract concluded by the Royal Government of Cambodia [RGC] and Malaysia's MHS [Malaysian Helicopter Services] to establish Royal Air Cambodge, arguing that the agreement was made in violation of at least four articles of the Cambodian Constitution; namely, Articles 55, 57, 58, and 90. Sam Rangsi termed the contract illegal and nontransparent, saying he suspected that it was made with some tea money. In his statement, he pointed out all the provisions of the contract and commented on the clauses he regards as illegal.

In view of this issue, the CDC hit back at Sam Rangsi for his leaks to the media of internal Royal Government information, which should be kept strictly confidential just like other business contracts in the world.

The CDC added that as a responsible MP with respect for democracy and integrity, Sam Rangsi should raise this issue according to normal democratic processes. The CDC voiced its criticism, saying that if Sam Rangsi continues to maintain his habitual hostile attitude toward foreign investors, Cambodian people and students, both in urban and rural areas, who have just completed their studies will certainly find it hard to get a job.

The CDC disclosed that within a period of only five months the government has adopted projects worth over $2 billion and that investors are now competing.

Owing to the problem, the CDC accused Sam Rangsi of being an MP who is striving to create a dubious climate in the minds of investors and doing all he can to portray a negative image of Cambodia.

With this communique, the CDC announced that the RGC always welcomes investors regardless of whether they are Cambodian or foreign companies or come from Asia or the West.

Indonesia

Workshop Discusses ASEAN Position in APEC

BK0302131895 Jakarta SUARA PEMBARUAN in Indonesian 1 Feb 95 pp 1, 15

[FBIS Translated Excerpt] Jakarta, 1 Feb—Dr. Hadi Susastro, an economic observer, believes that in dealing with APEC [Asia Pacific Economic Cooperation], ASEAN is no longer united because each country has different interests in the economic cooperation forum. He expressed his remarks at a workshop in Jakarta on Tuesday (31 January) organized by the ASEAN National Secretariat of the Foreign Affairs Department entitled: "APEC Development, Its Impact on ASEAN, and Efforts To Benefit From Them." [passage omitted]

Another speaker, Dr. Dorojatun Kuncorojakti, dean of the University of Indonesia's Faculty of Economics, said what Indonesia has to do now is to consolidate its strategic position within APEC and remain alert to changes which take place in the market and business world. As an example, he pointed out when APEC diplomats, who have few contacts with businessmen, were discussing the issue of Foreign Direct Investment [three preceding words in English], it turned out that the scheme was already operating smoothly. "Therefore, do not expect diplomats to be able to solve all problems. Let businessmen play their part and make their own decision," said Dorojatun.

The outcome of the research, prepared by four junior researchers attached to the ASEAN National Secretariat and headed by Dr. Johan Syahperi, gave its recommendation that ASEAN countries should hold a meeting prior to the next APEC meeting so ASEAN leaders will find it easier to make important decisions. The research stressed that ASEAN leaders should be ready to deal with the important agenda which will be discussed by APEC leaders. Cooperation within APEC should also be suited to ASEAN interests. It is also necessary to draw a priority scale for APEC and ASEAN meetings to avoid cumbersome sessions discussing the same theme.

Minister: Rights Group Enjoys 'Independence'

BK0302132895 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 3 Feb 95

[FBIS Translated Excerpt] The government will not interfere in the internal affairs of the National Commission on Human Rights although the government provides the commission with funds amounting to 1.3 billion rupiah. Minister and State Secretary Murdiono said this in reply to questions from members of House Commission II [in charge of home affairs] during a working meeting at the House of Representatives in Senayan, Jakarta this morning. The minister said statements [preceding word in English] issued by the National Commission on Human Rights have adequately showed that the commission enjoys a high degree of independence [preceding word in English]. According to Minister Murdiono, human rights commissions in many countries have been established by governments. Only the Philippine Commission on Human Rights was established by the virtue of law. Its developments are inseparable from internal political developments. [passage omitted]

Government Pledges Further Curbs on Inflation

BK0302135095 Jakarta THE JAKARTA POST in English 28 Jan 95 p 1

[FBIS Transcribed Text] Jakarta (JP)—The government, concerned over the high rate of inflation in rs, pledged yesterday to make concerted efforts to keep the inflation rate at a maximum of 5 percent in coming years, in order to improve the competitiveness of Indonesia's exports.

Minister of Finance Mar'ie said that the government would maintain its cautious monetary policies to keep the inflation rate low. The inflation rate was recorded at 9.53 percent in both 1990 and 1991 before falling to 4.5 percent in 1992. It surged back up in 1993 to 9.77 percent and reached 9.24 percent in 1994.

"The government agrees about the need for a further lowering of the inflation rate to below 5 percent," he told a plenary session of the House of Representatives.

The finance minister was replying to the House's questions on the 1995-1996 state budget during the plenary session, which was chaired by House Deputy Speaker Suryadi.

Mar'ie said lowering the inflation rate is part of the government's strategy for curbing the expected stronger pressure on the country's current account deficit in 1995-1996 fiscal year, which will begin in April.

The low inflation rate is crucial, not only for promoting the country's exports, but also as a means of discouraging imports, the minister said.

"In addition, a lower inflation rate will become a strong stimulus to the growth of foreign investment," he said.

Bank Indonesia, the central bank, plans to limit the growth of the money supply to 2O percent in 1995-1996 in a bid to reduce growing inflationary pressure while sustaining economic growth at 7 percent.

The central bank has also reduced the target for the growth of bank credits to 19 percent in 1995-1996 down from the 22 percent projected for this fiscal year, in order to prevent the economy from overheating.

House members cautioned the government over mounting pressure on the country's current account deficit in the next fiscal year.

They said that imports, which are estimated to grow faster in the coming years as the consequence of faster growth in investment, will put stronger pressure to the country's current account deficit.

The current account deficit, which is projected to grow further to U.S. $4.09 billion in 1995-1996, compared with an estimated $3.56 billion this fiscal year and $2.94 billion in 1993-1994.

House members said that the current account deficit could grow even more quickly than projected if the growth of exports is slow.

According to the Central Bureau of Statistics, Indonesia's exports during the first eight months of 1994 increased by 5.8 percent to $25.51 billion from $24.11 billion in the same period of 1993, while imports rose 11.8 percent to $20.15 billion from $18.01 billion.

Minister of Industry Tunky Alibowo said last week that the growth of nonoil exports, which are expected to contribute about three quarters to the country's export revenues, might have reached only around 11-12 percent last year, far lower than the government's target of 17 percent.

Finance Minister Mar'ie said yesterday that managing the rupiah at a realistic level is also another important strategy in stimulating exports.

* Business Bribes Said To Hurt Wages

95SE0096A Jakarta KOMPAS in Indonesian
9 Jan 95 pp 1, 13

[FBIS Translated Text] Jakarta (KOMPAS)—Low wages in Indonesia are not the result only of unwillingness by factory or industrial operators to raise worker wages but also of the big "illegal fees" the operators must pay. If these illegal fees could be stopped, the wages of workers clearly could be higher.

This was the opinion expressed by Prof. Dr. Ch. Himawan, S.H. [Master of Laws], LL.M., when interviewed at his office on Saturday, 7 January. He is a member of the National Commission on Basic Human Rights (KOMNAS HAM) and a professor at the Law Faculty of the University of Indonesia (FHUI). He was interviewed about the growing volume of Indonesian worker complaints to the KOMNAS HAM about inadequate regional minimum wages.

According to KOMPAS records, many companies are forced to pay out from 20 to 30 percent of total company costs in illegal fees, while labor wage costs are only 7.5 percent. Production (factory) costs amount to 60 percent, and the remaining 2.5 percent is overhead.

A large manufacturer recently said that the situation in 1995 appears worse. He did not cite regional minimum wages alone, which generally have risen, but also mentioned the continuing high levels of unofficial fees and the prospect of more limited credit after the government's cutback in credit expansion.

"I still do not understand the matter of those fees, while we are asked to increase exports. What I can never understand is that the fees are often collected by associations themselves," said a businessman who did not want his name mentioned.

KADIN [Chamber of Commerce and Industry] Chairman Aburizal "Ical" Bakrie said earlier that he hoped the chief of state's statement to the DPR [Parliament] on the necessity for a bigger private sector role in promoting development would make everyone aware of the meaning of development. "The private sector should not be encumbered with extra costs that in the end become a burden to them. On the other hand, the private sector should also not misuse the public's confidence in it as the implementer of development," Ical said.

Ical did not deny that, besides being responsible for supporting development while earning profits, businessmen are expected to possess a sense of social responsibility. "What we call 'social costs,' however, should be asked of companies that are already profitable. Social costs should not be sought from businesses just beginning operation, because that will merely make such companies fiscally unsound," Ical said.

When once asked about the connection between the 10-percent increase in civilian government employee salaries and clean, respected government, Ical noted that the needs of government employees need to be met adequately so that they can work with peace of mind. He said that the increase should be seen as goodwill by the government.

"As for whether it is enough or not, people are never satisfied. For now, the government can raise salaries by only 10 percent. That should not make anyone abandon his professionalism," said Ical, president director of the Bakrie Group.

Not an Excuse

Meanwhile, Dr. Todung Mulya Lubis, S.H., LL.M., president of the Jakarta Lawyers Club and chairman of the Central Foundation for Study of Basic Human Rights, said in an interview on Sunday, 8 January, that he agreed with Prof. Himawan's opinion that the cost of illegal fees is so great that money belonging in the pockets of workers through wages is drained off by those fees. In Mulya's view, however, the size of the illegal fee burden should not be made an excuse for not raising wages.

The same opinion was voiced by Satya Arinanto, S.H., teacher at the FHUI. According to Satya, apart from the illegal fees, many employers do not have goodwill toward their workers. Many of them delight in profits, while their workers sink in a pit of poverty.

In fact, Satya Arinanto has found that businessmen have three sets of books. The first set of books is the real one, while the second and third are usually fabricated.

Some businessmen seek bookkeepers who are close to the family so that arrangements can be made for "this or that," he said. The government should follow up indications of these things.

Culture

For Prof. Himawan, illegal fees are a kind of thing that is hard to eliminate. The problem, according to this foremost expert on economic law, is that illegal fees are becoming a type of culture because of weak law enforcement. In countries like Singapore where law enforcement is strong, illegal fees are merely an exception. "In other words, illegal fees exist, but they are an exception and the percentage is very small," Dr. Himawan said.

Viewed from the economic aspect, he said, illegal fees are ultimately paid by the consumer, because businessmen will always include the cost of the fees in their calculations. "Although there has never been any scientific research, the burden of illegal fees is estimated to be 20 to 30 percent of production costs. That is a very large figure," he said. One can picture the extent to which wages could be raised if illegal fees were eliminated.

"I feel that law enforcement authorities must not get tired of fighting for enforcement," he continued.

Dr. Mulya Lubis said that difficulties in raising wages (regional minimums) are of course linked to the conditions of Indonesian business, which is full of invisible costs. Companies, factories, and industries naturally expend differing amounts to requesters of illegal fees.

The essence, according to Mulya Lubis, is that some of our bureaucracy and government apparatus is dishonest. Some of the apparatus puts burdens on business in inappropriate ways. There is no doubt that the business community is often out of breath from the rapid flow of these invisible costs. There are unofficial "taxes," and there are contests for this and that, which actually are requests for contributions that keep the business community from operating smoothly.

Mulya Lubis said again, however, that this should not be an excuse for companies' not raising wages. Businessmen should "fight" the collectors of illegal fees rather than oppress workers.

Mulya Lubis, a corporate lawyer who also teaches at the FHUI, called on the government to be more concerned about this problem. "If the government wants businesses to be more competitive, all these shackles of illegal fees should be cut away. Less interest should be charged, and clean, respected government should be created."

* Private-Sector Caution on Foreign Debt Urged

95SE0096B Jakarta BISNIS INDONESIA in Indonesian 7 Jan 95 p 6

[Unsigned editorial]

[FBIS Translated Text] Since President Suharto himself has warned the private sector to be careful of foreign loans, the matter should receive attention. It is the size of the debt that is probably the cause for worry. So far, private-sector foreign debt is estimated to have reached $37.2 billion, equal to 40 percent of Indonesia's total foreign loans of $93 billion.

In general, foreign debt has higher interest and shorter repayment periods than government loans. Thus, the burden borne by the private sector is heavier. Although the government's foreign debt is relatively "easy" to manage, the opposite is true of private-sector loans.

When the government introduced a tight-money policy, making domestic funds hard to get, private companies raced overseas. Private sector demand for foreign funds soared. One can guess the impact. Foreign creditors increasingly raised interest rates on their loans. This can be seen in, for example, the fact that those loan interest rates are higher than the SIBOR [Singapore interbank offered rate] or LIBOR [London interbank offered rate]. Squeezed by pressing demand, our private sector has been "forced," like it or not, to borrow at increasingly high interest rates.

At this time, international interest rates appear to be moving upward. Steps taken by central banks, such as in the United States, which has raised interest rates several times in a relatively short time, apparently have a role in the increases in international loan interest rates. Under conditions like these, it is clearly unprofitable for the private sector to conduct foreign debt transactions.

Of course, our total foreign indebtedness, now $93 billion, should be examined. It is often said that a foreign debt of $100 billion is the "psychological limit." This is considered the maximum amount of debt a country (a developing country) can bear. This figure probably comes from the "Mexican case." That country was declared no longer able to pay its debts when its foreign loans reached that figure.

We are approaching that figure. Only $7 billion remains. If in 1995 the CGI [Consultative Group on Indonesia] lends about $5.5 billion, all that will be left for the private sector will be $1.5 billion. Theoretically, if we take the $100-billion limit as a guideline, we will reach that amount this year. Will we experience the same situation Mexico did? Although probably not, the private sector should not consider these conditions as an opportunity to enlarge foreign loans.

This alone is not enough. We see how many of our big companies failed because of being unable to pay their mountainous debts. Their initial diligence in seeking loans was clearly not matched by skill in using them. They erred in their use of those loans. The result was not the production of income that could be used to pay loan installments and interest, but a slide more deeply under a pile of debt.

Besides putting the brakes on debt, several steps need to be taken simultaneously. For example, expand mobilization of domestic funds through the capital market, investment funds, and pension funds. We believe that our people still have potential for stimulating the capital market. The private business sector has opportunity to gather these funds without wearying our stock market. The government needs to create policies for encouraging the market.

Exports also need to be continuously pushed. We need to work hard for that purpose, setting an expanded export growth target of more than 20 percent. Only through stimulating exports can we earn more foreign exchange, which in turn can be used to pay debts and interest. Private sector foreign loans should be oriented to tangible efforts to encourage the earning of foreign exchange.

As the biggest debtor nation in Asia, we must be increasingly careful about the way we look at this matter of debt. Although there are people who feel that $100 billion is not a big problem if we can use the loans well, we should pay close attention to that figure. It cannot be said that private sector debts are the business of the private sector entirely. Debt difficulties in the private sector will affect our macroeconomic conditions and make Indonesia a "risk country."

Laos

World Bank Approves Loan for Public Health

BK0602111495 Vientiane KPL in English 0902 GMT 6 Feb 95

[FBIS Transcribed Text] Vientiane, February 06 (KPL)-—The World Bank has approved a loan of U.S. $19.2 million to the Lao PDR [Lao People's Democratic Republic] for the projects of the basic public health system reform and malaria control.

Operating between 1995 to 2000, these two projects will be executed in the special zone of Saisomboun, Savannakhet, Sekong, Champassak, Bokeo, Luang Namtha, Luang Prabang, Saravane and Attopeu provinces.

The public health project to be conducted in the Special Zone of Saisomboun and Boloven Plateau, Champassak Province, is to provide basic health services for the local residents and build district hospitals and health stations.

The project to be operated in Savannakhet and Sekong provinces is to provide basic health services for the locals.

Whereas the malaria control project will be conducted in eight provinces of Bokeo, Luang Namtha, Luang Prabang, Savannakhet, Champassak, Saravane, Sekong and Attopeu.

The objectives of these projects are to improve the health condition and reduce the mortality and morbidity rates among the Lao ethnic people.

The signataries to the documents were Deputy Finance Minister Bounlit Khennavong, and Callisto Madavo, director, Country Department I for East Asia and Pacific region of the World Bank. The signing ceremony was witnessed by Khamsai Souphanouvong, minister of finance, Prof. Vannalet Latsapho, acting minister of public health as well as other officials.

Following the signing of agreements with the government, the delegation of the World Bank also signed agreements for the implementation of the projects with the representatives of Savannakhet and Sekong provinces.

On the same day, Mr. Callisto Madavo also called on minister of finance, Khamsai Souphanouvong.

Delegation Returns From World Economic Forum

BK0102115195 Vientiane KPL in English 0959 GMT 1 Feb 95

[FBIS Transcribed Text] Vientiane, January 31 (KPL)—A Lao delegation headed by Vice Prime Minister and President of the Committee for Planning and Cooperation Khamphoui Keoboualapha arrived here yesterday from Davos city, Switzerland. The delegation attended the World Economics Forum held in Davos on 27-28 January.

Upon his arrival the vice-president of the Committee for Planning and Cooperation, Leuan Sombounkhan, told members of the press that participation in the forum has been significant to the Lao delegation since the establishment of the forum 25 years ago.

The UN secretary-general gave the opening speech to the participants who totaled 3,000 and were the presidents, prime ministers and prominent businessmen of various countries.

As a result of his participation in the forum Vice Premier Khamphoui Keoboualapha was able to draw the attention of international businessmen to investment opportunities in Laos.

Central Committee Delegation Returns From SRV

BK0102133295 Vientiane KPL in English 1003 GMT 1 Feb 95

[FBIS Transcribed Text] Vientiane, January 31 (KPL)—A delegation of the Foreign Relations Board of the Lao People's Revolutionary Party Central Committee (LPRP CC) returned from a five-day visit to Vietnam on January 29.

While in Vietnam, the Lao delegation met with a members of the Communist Party of Vietnam's External Relations Commission to exchange experiences in the area of foreign relations and additional matters of mutual interest. The visit sought to expand and strengthen the ties of friendship, cooperation and solidarity between the parties, states and people of Vietnam and Laos.

The delegation was led by Somsavat Lengsavat, LPRP CC member and head of the board.

Official Interviewed on Economic Policies

BK0302132995 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 9 Feb 95 p 22

["Excerpts" of an interview with Khamphoui Keoboualapha, deputy prime minister and chairman of the State Committee for Planning and Investment, by correspondent Bertil Lintner; place, date not given]

[FBIS Transcribed Text] **What kind of economic cooperation with foreign countries do you favour, and how do you balance investment from countries such as Thailand, China, Australia, France and the United States?**

We favour cooperation in three main fields: agriculture and food processing, transportation and infrastructure, and heavy industry such as hydroelectric power generation. It is also important to develop Laos as a road link between different countries in the region. We don't discriminate against—or encourage—investment from any specific country or countries. The Thais are our close neighbours, our brothers, and they know Laos very well. It's only natural that they are the top investor. Links with China are close as well, but there is also investment from South Korea, Taiwan, Australia and the U.S. If some countries are worried about the possible influence of one investor, they should come here also. We treat everybody equally.

Inside the country, isn't there a big gap between development in urban areas and in the countryside?

Yes, of course. Foreign companies are not interested in investing in rural areas. They want to be in Vientiane. But it's government policy to encourage development in remote areas as well. A major problem in remote parts of Laos is that people there move from place to place. We want to stop that and build permanent new towns for people who live in the hills and practise slash-and-burn farming. We also want to build dams and hydroelectric power plants, and to develop road links and telecommunications. In this way, prosperity will come also to the countryside. But we need foreign assistance to do this, otherwise it will be difficult to solve this problem.

How do you view issues such as environmental protection and workers' rights in foreign-owned companies?

The inflow of foreign capital and expertise is good. As for the workers' rights, we have received complaints from both sides. In November, some textile companies were accused of exploiting Lao workers, so the workers complained. On the other hand, the companies also say that the workers should work harder. We are aware of the problem and dealing with it. Protecting the environment is also important.

How do you intend to achieve stricter financial discipline and more efficient collection of levies, taxes and other revenue?

Taxes make up only 12-13 percent of our GDP. It's not easy to collect income tax, and even more difficult to collect import duties when there is so much smuggling. Therefore, we are concentrating on sales tax, which is levied on the shops which sell the goods... We also need much more assistance from the World Bank and the (International Monetary Fund), which should be used directly to support development programmes. Now too much money is being wasted on administration and other overheads.

Is a one-party system the best solution for Lao development?

The systems in Eastern Europe have collapsed, but Laos still stands. Foreign companies invest here because they have confidence in our system and the political stability of Laos. I respect countries which have multi-party systems, but the one-party system suits our national characteristics best.

* Writer Recalls Air War, Viangsai, Leadership

95SE0085A Vientiane VIENTIANE MAI in Lao

[15 Dec 94 p 5]

[FBIS Translated Excerpt] Viangsai was the secret name of Mr Kaison Phomvihan, our beloved and excellent former leader.

My group went from the school in Vietnam to the central office of the Lao Patriotic Front in the rainy season of 1963. Initially my group included the following friends: Comrade Thongseu, Comrade Khamphon, Comrade Samli and Comrade Bounpeng. As soon as the engine of the 66 vehicle, which was covered with green cloth, was shut off, the sound of the many women lining both sides of the road grew louder.

Where had we come from? Get out quickly. They would help us. When my group got out of the vehicle, all we saw were many pretty girls reaching out to help take things out of the vehicle. This was a sight which made us very happy.

By this time the sky was getting dark, and the red sun was going behind the mountains, but we were able to look around and see the beauty of nature there. There were ordinary earthen houses made with bamboo and thatch. Some houses were built of woven bamboo covered with earth. They were located next to the mountain sides. Electric lights were shining through the windows. Below them were beautiful green fields of rice. The houses of the people were located next to the fields at the foot of the mountains there. When we asked those who received us about it, they said that here was the office of central authority, the political office and supreme military headquarters, and there was the quartermaster office and the office of the chief of staff. Over there were the fields of Ban Siang Seu Village. Farthest up toward the East was Ban Na Meuang Village, which was where they lived and was the location of the office for information and training headed by Mr Sisana Sisan. [passage omitted]

[16 Dec 94 p 7]

[FBIS Translated Excerpt] [Passage omitted] Then they heard people coming in and saying that:

Mr Sisana Sisan wanted us to meet with him in his office. When my group got there, he was sitting with his two arms resting on a bamboo table. He turned and saw us walk in and then stood up to shake our hands. At the same time he asked how we were. His manner was very cheerful. This was not the first time we had met him. When he escaped from the Phonkheng Prison in Vientiane, he was one of the 16 leaders of the Lao Patriotic Front who had been imprisoned by the reactionary traitors. My group of four people were then among the eight military police who helped his group escape from prison during the night of 23 May 1960. Therefore we knew each other well and talked easily as comrades. [passage omitted]

Then Mr Sisana talked with us and led us to the political office of the supreme military headquarters. The office was located on Phou Seu Hill in Ban Siang Seu Village, the place where we had gotten out of the vehicle the other evening.

That evening our group of four and the cadres from the central office for information, culture and training who had been assigned to us walked back to the political office of the supreme military headquarters.

When we reached there, we met leadership cadres of the political office of the supreme military headquarters. When we were inside, we learned who they were and what their duties were. They were Mr Osakan Thammatheva and Mr Thonglai Kommasit, the head and the deputy head of the information division of the political office.

At that time the enemy was advancing on the battlefield in Peun District. The enemy plan was to destroy the central authority of the Lao Patriotic Front. They sent their bandits to seize Pha Thi and used their military teams to seize Houai Lai and many locations in Houa Phan Province.

Because of the many enemy schemes such as these, our central authority did not have time to rest. This was especially true for the Party Central Committee under Mr Kaison Phomvihan, Mr Khamtai and other leaders who commanded the revolutionary forces throughout the country both day and night.

The little house of Mr Khamtai Siphandon was where he worked under a lantern both day and night. Sometimes I had the opportunity to walk by and look in. I would see him sitting and working with many important cadres. It appeared that he did not have a chance to rest except when he ate and slept.

By observing Mr Khamtai's qualities, we saw how excellent he was. In addition to his official duties, he also tended his little garden next to the house every evening without fail. Everyone who observed him saw how much he produced. For example he raised Chinese cabbage, cabbage, morning glory, herbs of all kinds and so much fruit that the stakes broke. Everyone who saw him was pleased. It could be said that because of this the cadres in the political office of the supreme military headquarters were determined to follow his example. Mr Boungnang Volachit, Mr Osakan Thammatheva, Mr Chanko, Mr Thonglai Kommasit and my group of newcomers worked together with his group. After work we would play bansong and ping pong together happily. Although the cadres in the office of the chief of staff, the office of the quartermaster and other places in the offices of central authority lived in small tents at that time, nevertheless we were happy because of our solidarity and respect. Saturday and Sunday evenings the young people in one unit would play those in another unit amidst cheers and praise. This competition in bansong.

Ping pong and other sports was very noisy. [passage omitted]

We had one young person in the political office of the supreme military headquarters, and on many occasions he was assigned to the battlefields in Peun District, Pha Thi, Houai Hoi.

[17 Dec 94 p 5]

[FBIS Translated Excerpt] And in Lasavong in Peun District to resist the advances of the enemy who used dozens of battalions. No one yielded.

Many of the leadership cadres in the political office of the supreme military headquarters went to lead the fighting namely: Mr Boungnang Volachit was deputy head of the 613 battalion and Mr Osakan Thammatheva was a leadership cadre and also volunteered for battle until he was wounded and disabled. At that time the enemy boasted many times that he would dine in Sam Neua District and would destroy the office of central authority of the Lao Patriotic Front. But in the end he did not even catch a glimpse of it.

The office of central authority moved from Siang Seu to the caves to fight. In the dry season of 1964 the American imperialists adopted the strategy of escalating the war of destruction in the liberated areas hoping to annihilate the revolutionary forces. The central committee of the Lao People's Revolutionary Party knew about this beforehand and took measures to defend and enlarge the revolutionary forces and also to wipe out the enemy.

After the congress of the Lao Patriotic Front at Phou Khe, central authority ordered all offices to seek out a cave to avoid the destruction from the air caused by the American imperialists and their lackeys. From that day on it was ordered that all offices, no matter which one, were to split up and go to the Long Kou area, to the Seua caves, the Ngeun caves, the Sang Lot caves, the Phou Khe caves and the many mountains in what is now Viangsai District.

At the beginning of December 1964 I was put in charge of the Lao Liberation Army radio. At that time the office for this secret radio was moved to the hill at Ban Bak Village. The political office for the supreme military headquarters was moved to the Sang Lot caves. What were the Sang Lot caves like? [passage omitted]

To avoid the destruction of the American air pirates, in 1964 the office of the radio of central authority of the Lao Patriotic Front had to move to a safe place.

The hill at Ban Bak Village was a big area. There were forests bordering meadows. It was a rocky hill with caves which made it possible to set up a radio station. It was for this reason that central authority allowed the radio station to move there.

In carrying out this agreement, Mr Sisana Sisan, Mr Maha Phanon, Mr Son Khamvanvongsa and the many important leaders were unified in purpose. But what was most important was to keep the radio transmitter from being captured when it was being moved. The resolve of the party unit and all the cadres was important. They had to make up their minds and perform this task according to what the party had agreed on.

At that time the radio operations of central authority were divided into many sections: the general section included Mr Mahabouaban Nahamek, the Liberation Army section included Mr Thongseu Khotvongsi and Mr Mahateu, the French language section included Mr Houmphan, Mr Phimpho, and Mr Khamseng, and the Lao Soung section included Mr Tongva and others. This group was felt to provide the intellectual leadership. [passage omitted]

[20 Dec 94 pp 6, 7]

[FBIS Translated Excerpt] [Passage omitted] One evening a jet aircraft of theirs flew from the east and dove at an anti-aircraft emplacement of the Lao People's Liberation Army for the first time in Viangsai District. As the plane dove, it was hit by bullets in the air. It burst into flames. It dove past the office of our radio station toward the west. The pilots bailed out and parachuted down over the hill at Ban Long Ku Village. The cadres, soldiers and people of Viang Sai District were all happy. The pilots were captured, taken away and hidden.

The next day there was a big battle. For the first time they mobilized their forces and attacked Viangsai District heavily from the air.

Starting early in the morning when the sunlight still had not gotten over the mountains, a big group of dozens of planes dove down and up. The noise reverberated to the sky and shook the earth. Every anti-aircraft battalion of light and heavy weapons located on top of the mountain and every office and organization bravely pointed its weapons skyward waiting for aircraft to fly past.

My group at the office of the radio station grabbed its weapons to fight the enemy in the air immediately. We sat writing in the trees and when an aircraft dove down, we ran out to the field to shoot at it. The sound of the gunfire reverberated to the sky. There were countless anti-aircraft guns on the mountain, countless guns on A.M. vehicles, countless rifles in the infantry, and all the units hoped that an aircraft would fly straight at them. They fired until the sky was dark whenever an aircraft flew at anyone.

The first day I and Comrade Houmphan each grabbed a rifle because we hated the enemy. The young people were angry and risked their lives by going out into the plain to try to save it. That area was forested so that we could avoid being seen by the enemy in the sky. We went into the dense forest. We saw four T-28's diving and shooting at Ban Bak Village. This showed that they were ignorant - the village was empty and they were shooting at it unceasingly. [passage omitted]

This showed that our anti-aircraft units were very skillful. They fought the whole day and were able to destroy dozens of enemy aircraft.

After the air pirates fled, the guns became silent. My group ran to find the anti-aircraft units which were located on Pa Khang Hill. The fires were still burning. All the combatants were covered with sweat. Some were so black that one could not see their eyes. But they were all brave and strong. There were some whose jaws hurt, some were thirsty and hungry, and some suffered minor injuries.

Then central authority and the supreme military headquarters made a great effort. Many in the leadership came out to rally their spirits: Mr Kaison Phomvihan, Mr Khamtai Siphandon and others praised them and distributed medals for bravery and gifts to all the combatants in the anti-aircraft units. In the midst of this the people, cadres, soldiers and cultural units came in large numbers to praise them. The four battalions manning the anti-aircraft emplacements, both Lao and Vietnamese, celebrated victory until midnight when they took leave of each other and prayed for greater victories another day.

Phou Khe Mountain was located in the East of Viangsai. It had a small stream flowing past it from the Long Kou area. It covered a very large area and had rocky outcroppings distributed at irregular intervals. There were big caves everywhere which were suitable for setting up offices to avoid the enemy's destruction from the air and on the ground. [passage omitted]

Our radio news office at that time was located at the foot of Phou Khe Mountain on the east side. Our cave was not large, and the ground was not flat. At first it was very overgrown. During that time the American planes strafed every morning and evening. The radio station of central authority had to be moved to a new location which was very safe. Those who remained included the head of every section of the editorial staff for the [teletype] operation and the office, which included Mr Sisana Sisan as head, Mr Sontheu, and Mr Bouaban Volakhoun as deputies plus the editorial committee. The technical staff, which altogether included about 30 people, moved from Ban Bak Village. At first some hung in cradles and worked at the base of a cliff but the [teletype] transmitted to the secret radio station without missing an hour. The news reports denouncing the American imperialists and their lackeys were transmitted according to schedule. [passage omitted]

Philippines

DFA Denies Christopher Report on Human Rights

BK0602061995 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 6 Feb 95

[FBIS Translated Text] The Department of Foreign Affairs [DFA] today vehemently denied a report citing continued human rights violations in the country. The DFA made the statement in reaction to State Secretary Warren Christopher's report to the U.S. Congress.

DFA Spokesperson Susan Castrence said the issue of human rights violations was one that had been given urgent attention by the Ramos government. Castrence added that U.S. President Bill Clinton had personally witnessed the situation in the country during his visit.

Meanwhile, Press Secretary Jesus Sison said the government has not received a copy of the Warren report. Sison added they can only react to the report when it is confirmed that it has been submitted to the U.S. Congress.

Japan OECF Team Evaluates Projects for Loan

BK0602053295 Manila MANILA BULLETIN in English 2 Feb 95 p B-1

[FBIS Transcribed Text] A mission from Japan's Overseas Economic Cooperation Fund (OECF) is visiting the Philippines to assess 12 proposed aid projects totalling P[Philippine pesos] 32.4 billion ($1.35 billion).

The National Economic and Development Authority (NEDA) said the mission would determine whether the projects are qualified for funding under Japan's 20th Yen Credit package to the country.

They range from highway rehabilitation, improvement in power grids, urban development, modernization of air navigation and maritime safety, upgrading of rural water supplies and infrastructure to support agrarian reform projects.

The mission was dispatched following suggestions by Tokyo that Manila include more "poverty alleviation" projects in the list to be covered by OECF funding.

NEDA quoted Masakazu Ishiguro, head of the mission, as saying they would consider the status of right-of-way acquisition of the projects, compliance with environmental standards and peace and order conditions at the sites of the projects.

The Japanese financing may cover as much as 75 percent of the entire project costs. The results of the mission's assessment will be reported to both government and will decide which of the projects will receive this special finding.

In the past, Philippine aid projects have been delayed for years by residents obstructing their construction, the need to get environmental certificates of approval and even by armed outlaw groups who harass the builders.

Of the 23 projects formally endorsed to the Japanese government, 12 projects with a total cost of P32.4 billion will be initially appraised.

The 12 projects are as follows: Philippine-Japan Friendship Highway Rehabilitation Project II, including the Detailed Design for the Alternative Routes for Dalton Pass Section; Arterial Roads Links Development Project II; Rural Roads Network Development Project II; Improvement in Power Grid Project, consisting of the Cluster C and Mindanao Substation Expansion Projects;

Metro Cebu Development Project III; Nationwide Air-Navigation Facilities Modernization Project III; Maritime Safety Improvement Project I-B; Provincial Water Supply Upgrading Project IV; and Agrarian Reform Infrastructure Support Project.

Meanwhile, eight other projects in the land transportation, energy and water resource subsectors are being preliminary considered by the Japanese government to determine whether or not they will also be appraised.

Since some of the projects are a continuation of ongoing OECF-assisted loans, the mission will also discuss with concerned government agencies possible improvements to facilitate implementation.

Romulo Reveals Vietnam's ASEAN Membership

BK0602092895 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 6 Feb 95

[FBIS Translated Text] Foreign Affairs Secretary Roberto Romulo has revealed that Vietnam will become a full member of ASEAN in July. Romulo said this will be approved before the holding of the ASEAN ministerial meeting in Brunei. Romulo added that high-ranking officials of ASEAN have agreed to Vietnam's membership. In this regard, Romulo reiterated Manila's support for Vietnam.

[Begin recording in English] [Romulo in progress] ...ASEAN in, [pause] Vietnam into ASEAN. And we will do everything possible to make sure that your transition to being a full member will have the support of the Department of Foreign Affairs and the entire Philippine Government.

[Unidentified Vietnamese foreign official] Let me have... [changes thought] may I also (?support) the preparations, including the personnel preparations and other sorts of preparations, related to full, to be a full member of ASEAN. Now, all the ASEAN countries, they have agreed that within this year we now will be a full member. [end recording]

Commission Agrees on More Cooperation With SRV

BK0602064695 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 6 Feb 95

[FBIS Translated Text] The Philippines and Vietnam have agreed to increase their cooperation in various fields after the conclusion of the Philippines-Vietnam Joint Commission for Bilateral Cooperation meeting held in Manila. The meeting was headed by Foreign Affairs Secretary Roberto Romulo and his Vietnamese counterpart, Nguyen Manh Cam, the foreign affairs minister.

Both countries agreed to cooperate in the areas of investment, science and technology, education, tourism, defense, and agriculture.

[Begin Romulo recording in progress, in English]...decision as far as the Southeast Asia 10. And we look forward to that time, and we look forward, moreover, to the possibility of a Southeast Asia 10 summit immediately after the ASEAN summit in December of this year.

Again, Your Excellency, thank you for coming to the Philippines. Our relations have never been better, and we look forward to more enhanced relations in the future. [end recording]

MILF Stockpiles Arms Despite Peace Talks

BK0602052395 Manila THE MANILA CHRONICLE in English 2 Feb 95 pp 1, 7

[Report by Samson Gogo with Eric Garafil]

[FBIS Transcribed Text] Cotabato City—The Moro Islamic Liberation Front (MILF) said it would continue stockpiling arms while waiting for the result of peace negotiations with the government.

MILF spokesman and vice chairman for political affairs Ghadzali Gaafar said the arms build-up will continue "unless we achieve our demands for a genuine autonomy for the Bangsa Moro people, including our Christian brothers."

Interviewed here, Gaafar stressed that the issue is not the arms- strengthening (of the MILF) but the "socio-political and economic problems facing Mindanao, particularly the Bangsa Moro people."

"Acquiring more firearms is normal to any revolutionary group like the MILF," Gaafar said, saying that the MILF's suppliers included "gun-runners in the country and abroad."

Gaafar, however, reiterated the MILF policy of "not to confirm, not to deny" the reported arms landing in Maguindanao and Lanao del Sur last month.

The latest report is the sinking a few days ago in Matimos point in Lanao del Sur of a boat allegedly loaded with arms from Afghanistan for the MILF. The report needs further investigation, Navy chief Rear Admiral Pio Caranza said.

Cotabato residents fear the MILF's admission of an arms build-up jeopardizes ongoing peace talks between the government and the Moro National Liberation Front (MNLF).

"We are worried that the MILF will not agree to what the government and the MNLF could reach in the ongoing negotiations," said Bapa Tapudok, a resident here.

The two-day government-MNLF mixed committee meeting ended Sunday in Zamboanga City with the two panels agreeing on 32 more points, mostly concerning education issues.

So far, 69 points have been agreed on since last year.

MNLF chairman Nur Misuari reiterated during the meeting his demand for setting up a "provisional government" without calling a plebiscite. The present Autonomous Region in Muslim Mindanao (ARMM) covers ally four provinces.

"Once we take over and establish autonomous government ... we assure the people here that nobody will disturb peace because we know every nook and cranny in the mountains and countryside," Misuari said Monday.

"I will not allow anybody or any group to disturb peace. This is our commitment," Misuari pointed out.

Manuel Yan, chairman of the government panel, said the establishment of a Muslim government other than the existing Autonomous Region for Muslim Mindanao (ARMM) needed Congressional approval.

Yan said Republic Act 6734 which established ARMM should either be amended or abolished before another Muslim government is set up. "But this should be done with the compliance with the Constitution...this (autonomous government) has to be subjected to referendum or a plebiscite," he said.

While the MILF has reportedly expressed full support to the MNLF talks, Misuari's commitment could not apparently guarantee compliance by the breakaway faction.

"We are watching very closely the progress of the (government- MNLF) peace talks," Gaafar said.

Gaafar said there will still be a need for a review by Mindanao's "native inhabitants" and the MILF of any agreement the MNLF might reach with the government.

Thailand

'Hasty' U.S. Sanctions on PRC Criticized

BK0602030995 Bangkok THAILAND TIMES in English 6 Feb 95 p A4

[Editorial: "Will trade sanctions hurt Chinese or US economy?"]

[FBIS Transcribed Text] Unrealistic though it may seem—the United States has carried out its threat to impose trade sanctions against the People's Republic of China, during the week-end, alleging it is not doing enough to protect American intellectual property in the world's most populace nation.

China is not Japan or Vietnam, and it has rightly retaliated with import taxes. The US announced it will impose high tariffs on several hundreds of products entering its market worth over a billion dollars (25 billion baht). The final outcome could be more harmful to the American economy rather than to the targeted Chinese one.

In what could be the beginning of a trade war in Asia, the US, facing woeful economic difficulties during the current fiscal year, is apparently trying to bull-doze its way into the Asian market, where great future growth is predicted. More, it aims to be a dominant trader in the world's largest market for consumer products.

Unlike the West, which had an unhindered period of prosperity of several scores of decades during its industrialization and development, the East began to develop essentially in the aftermath of World War II and freedom from Western colonization.

The West must recognize that most of these independent sovereign states, especially from the Asian region, are at various stages of industrial development. In some sectors they are even under-developed and belong to the group commonly referred to as "developing nations".

It is not denied by Asian countries, and the world's developing nations, that Patent Rights, Copyrights, Laws governing Trade Marks and other Intellectual Property should be protected. But the West must realize that laws enacted centuries ago in their country were originally meant to be enforced in their own domain.

Increased foreign trade and industrialization on both sides of the Atlantic and the rest of the world before World War II, found it necessary to safeguard the interests on each other's trade marks, copyrights and the protection of intellectual property, which were non-existent at the time.

When nations realized the need to guarantee protection of intellectual property, there were visible efforts to find solutions. The outcome was several international treaties, conventions and bilateral agreements between nations, making it imperative to legislate laws pertaining to the protection of intellectual property rights in the member states.

Thailand, China and several Asian developing countries are not the only signatories to these organizations, which are responsible for overseeing the implementation of its resolutions to protect intellectual property rights.

As a consequence of these conferences, a gradual legislative process became necessary, when countries reached certain stages of industrial development. It also became necessary to enforce severe penalties, and to punish those for infringement of laws enacted to protect trade marks and intellectual property rights.

One has to consider that illiteracy is the bane of most developing states in the world and China is not an exception. With China's background as a communist totalitarian state, where only orders from the top were meant to be carried out. One must also understand that China is on the verge of change.

Its multi-cultural, multi-lingual nationalities are spread in a vast geographical area and have since the past decade and a half been adapting to a market oriented economy and are gradually introducing the rules and regulations that go with the system. One has also to consider the prevailing huge ideological bureaucratic mechanism in China, which will take time to realize the meaning and benefits of protecting intellectual property rights. It is not all of China that is developing into a formidable economic power house. There is still a huge mass of humanity living in nineteenth century surroundings, let alone the twentieth and twenty-first centuries. One cannot ignore that fact that enacting laws are one thing and enforcing it on a population of over one billion people, mostly illiterate, is just another.

The hasty US-imposed sanctions will most likely hurt the MacDonalds, Lockheeds, Boeings, and other large US industries, causing economic set-backs and unemployment more in the US than in China.

Editorial on U.S. Reaction to Turmoil in Burma

BK0602025295 Bangkok THAI RAT in Thai 4 Feb 95 p 3

[Editorial: "What the United States Is Going To Choose?"]

[FBIS Translated Text] From the start of the New Year 1995, we notice that the United States under President Clinton's administration has made assertions about its position on Southeast Asia—especially Vietnam, Thailand, and Burma. This came at the same time as an all-out effort made by the U.S. President to solve the problem of a sharp fall the Mexican peso, something which has sent shock waves through the U.S. economy and created turmoil to money and stock markets worldwide. President Clinton used his power to approve massive assistance to support Mexico.

In Southeast Asia, the United States and Vietnam on 28 January signed accords agreeing to exchange diplomatic properties and to open liaison offices in Hanoi and Washington. This welcome news marked a closer step in U.S.-Vietnam relations. Although it does not constitute full diplomatic relations yet, this step was a gesture of goodwill.

The United States, through its spokesperson [Christine Shelly], commented on the Burmese Government's crackdown on Karen rebels and the fall of Manerplaw and said that Thailand should not push the refugees back, but should give humanitarian assistance to those Karen and non-Karen refugees fleeing the war into Thailand.

On this, we would like to tell President Clinton and the American people to have no worries. Thailand has always been helping the refugees—coming from the western as well as eastern border. We had painful experiences from doing good deeds while others looked at us with suspicious eyes. Let us say this: The U.S. call on us to give shelter to those people in difficult times should not mean Thailand should help others establish a stronghold inside Thailand. We cannot succumb to such a demand.

As a small Asian ally of the United States, Thailand would like to remind its great friend that the United States cannot solve the problem by threatening the Burmese Government to stop its crackdown, by linking the current situation with the problem of human rights violations, by setting conditions on Burma to stamp out narcotics trade and restore democracy, or risk further isolation. America should realize that the more Burma is isolated, the greater the innocent people in Burma will suffer.

We would like to call on the United States to adopt the ASEAN method—that is, to draw Burma little by little into joining the world community. This method will help promote democracy, and, although it may take a long time, it still is better than nothing.

ASEAN Policy Toward Burma Reviewed

Surin Reaffirms Policy

BK0302063195 Bangkok THE NATION in English 3 Feb 95 p A2

[FBIS Transcribed Text] Thailand will not abandon Asean's constructive engagement policy with Burma just because of "one incident", Deputy Foreign Minister Surin Phitsuwan said yesterday.

Surin told reporters that Thailand prefers to continue using dialogue and negotiation to encourage Rangoon to end its suppression of ethnic Karen people and ongoing internal conflict in that country.

He said that this is because of Thailand's proximity to Burma and the burden "we have had to bear caring for displaced Burmese who fled across the border last week after the Burmese army overran Karen headquarters in the town of Manerplaw".

"We're not in the same position as countries located far away from Burma. Those countries can say anything they want because they're so far from Burma and this region," Surin added.

The deputy foreign minister was apparently referring to the United States and Australia, both of whose governments recently issued statements encouraging Burma to end its suppression of the Karen.

"We have found that the best way so far is to continue our dialogue with Rangoon while using all available means to express our concern about the incident. We will continue to seek a compromise on the matter and on ways of achieving national reconciliation," Surin said.

"We have a clear stance on this. We want to see national reconciliation in Burma instead of violence, as at present. More than anything else, what we are trying to avoid is having to deal with a big influx of Burmese fleeing to Thai territory," he said.

If Thailand has to cope with large numbers of Burmese refugees, the government may have to seek assistance from international aid agencies, something that will only complicate the issue further.

"It would be very difficult for us to react in the same way as other countries which are not located in the region," Surin added.

He defended the constructive engagement policy towards the Rangoon government, initiated by Thailand and later adopted by the six Asean member states, saying that Burma was on the road towards national reconciliation.

Thaksin Questions Policy

BK0602011095 Bangkok THE NATION in English 4 Feb 95 p A2

[FBIS Transcribed Text] Outgoing Foreign Minister Thaksin Chinnawat yesterday questioned the practicality of Asean's policy of constructive engagement towards the ruling Burmese junta in the light of Rangoon's latest military offensive against ethnic minorities in the border area.

"We are concerned whether this policy can be implemented smoothly," he said. "If Asean is of the view that this policy cannot work, then it can certainly be of no benefit to Burma itself."

Thaksin is the first Cabinet minister in the Chuan government to question the effectiveness of constructive engagement, a policy initially urged upon Asean (the Association of Southeast Asian Nations) by Thailand.

The government has in the past argued that dialogue with the military dictatorship that runs Burma, the State Law and Order Restoration Council (Slorc), is the best way of returning the country to democracy, rather than isolationism as proposed by many western countries.

Thaksin, whose resignation takes effect on Feb 11, was speaking a week after the fall of the Karen headquarters at Manerplaw, on the Moei River, and the subsequent flood of refugees across the adjacent frontier into Thailand.

He expressed his regret at the fighting, commenting that "no party wants to see violence and killing there".

Thaksin said Slorc's use of force would create problems for Burma and set back attempts at national reconciliation.

Presently there are about 200,000 Burmese refugees in Thailand, the minister added.

"We still hold to our foreign policy of not intervening in another country's internal affairs. But we have to inform them (Burma) of our deep concerns over the incident," the minister said.

Deputy Foreign Minister Surin Phitsuwan summoned Burmese Ambassador Tin Win to the foreign ministry yesterday to explain the government's views about the continued use of force against ethnic minority groups and its concern about the consequences of military action in the border area.

Surin told reporters that he pointed out that at least 65 artillery shells fired in Burma had landed on Thai soil between Jan 16-31 this year.

"We would like to convey our concern to the Burmese government about the impact of the fighting in Burma on our local people and their possessions," he said.

Thailand was shouldering the burden of the thousands of displaced Burmese who had already fled the fighting and it was probable that the flood of refugees would continue unless the military offensive ended, said Surin.

He added that the Burmese envoy explained that the fighting stemmed from conflict between the ethnic groups themselves. He said it was anticipated the confrontation would die down soon and the flow of refugees would cease.

The deputy minister said the displaced Burmese sheltering in Thailand would be given humanitarian assistance and would be sent back when the situation returned into normal.

"We (Thailand) will decide whether and when the displaced Burmese should be sent back to their homeland." Surin played down statements by Interior Minister Gen Sanan Khachonprasat that the Karen refugees would be pushed back into Burma and there would be "no need to wait for the fighting to cease".

"Many aspects of the military confrontation could continue and reconciliation requires some time," he said.

"Actually, Gen Sanan means that termination of the fighting is when all parties sign a peace pact. We will decide when the situation in Burma can be considered normal, and then we will send them back."

Sanan had said earlier the Burmese military offensive against the Karen was an internal affair so Thailand could push the refugees out at any time.

He said Thailand would assist only those who were wounded or sick and send them back immediately they were well enough to travel, without waiting for the fighting to stop.

Army To Monitor Burmese Refugee Repatriation

BK0302053995 Bangkok BANGKOK POST in English 3 Feb 95 p 3

[FBIS Transcribed Text] Army Commander Gen Wimon Wongwanit yesterday said the Army will be "careful" about the repatriation of Karen refugees, which will be done through proper border channels.

Gen Wimon said he does not want the Burmese government to misunderstand and think that the Thai army is backing the rebel forces fighting against Rangoon.

He said the refugees have stated their desire to return to a specific area in order to regroup, but if they are repatriated to such a location it will be tantamount to providing military support to the rebels, which would not be proper.

"We have to be careful about this," he said.

It is natural that when fighting erupts along the Thai-Burmese border it leads to an influx of refugees, which causes problems for Thailand, the army chief said.

"When we try and send them back somebody always comes out and says we aren't showing respect for human rights which isn't true because we've been careful to look after them and to repatriate them to the proper place," he said.

Assistant army chief Gen Chettha Thanacharo said the Army will fire warning shots if any artillery shells fall on Thai territory.

Gen Chettha said that although Thailand and Burma have a close relationship, the Army must protect the country's sovereignty in the event of an intrusion.

He said armed refugees will not be allowed refuge in the country unless they agree to be disarmed, and they will be repatriated if the fighting ceases.

"The Army has a clear policy from our commander-in-chief," Gen Chettha said.

Prime Minister Chuan Likphai will visit the border in Tak and Mae Hong Son provinces on Sunday to observe the security and refugee situation.

Monk Urges Chuan To Mediate in Burma Conflict

BK0602025895 Bangkok THE NATION in English 4 Feb 95 p A4

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] Respected Burmese monk Sayadaw [Abbot] Rewatta Dhamma, who initiated dialogue between the Burmese junta and detained political leader Aung San Suu Kyi, has urged Prime Minister Chuan Likphai to mediate peace talks between Rangoon and the Karen guerrillas.

"It is not too late," he said last night on his return from a month-long visit to Burma during which he spoke several times with senior Burmese leaders.

He also called on the government to reconsider its policy regarding exiled Burmese in Thailand, particularly towards students. Burmese people generally were developing "strong, bad feelings" against the Kingdom, he warned.

The 64-year-old monk said Chuan's mediation would benefit both countries.

Thailand "suffers many things" as a result of the conflict along its border, including the influx of refugees, he said.

The Sayadaw, however, was doubtful if the government and the Burmese junta, the State Law and Order Restoration Council (Slorc), would agree to his proposal. Both sides could argue that talks between Slorc and the Karen were "an internal affair" of Burma's.

"The Thai prime minister should play a mediating role between the two sides because they (Thailand and Burma) have a common border. They suffer many things, so they should help resolve it," he said.

He expressed the hope that he would be able to meet Thai authorities when he next visits the Kingdom "because the feeling about Thailand inside (Burma) is not very good".

The Burmese people were learning about what was happening in Thailand from people who commute between the two countries, including reports that Thais in authority often harass, arrest and extort money from Burmese students.

"It is widely known in Burma. This concerns me very much as the relations between the two countries will not be good in the future," he said. The Burmese populace understood that "Thai people are good to the Burmese, but not the (Thai) government" he said.

He said Thai policy towards Burma "is in difficulty" as both Slorc and the Burmese opposition and ethnic groups "are not happy with it".

"As a monk, therefore, I think the Thai government should find some way to help restore peace and tranquility in Burma. I want the Thai government to think about it very deeply, not only for today but also for the future."

The Sayadaw said Slorc leaders agreed to take his advice and talk with the Karen National Union (KNU), whose headquarters in Manerplaw was overrun last Friday by the Burmese army. But they had declined to allow him and Karen Christian Archbishop Andrew Mya Han to be present at the meeting, saying that as the monk "advised us (Slorc) to talk, it is not necessary for you to be at the meeting".

"... because you ask us to talk, I'll talk," the clergyman quoted Slorc strongman Lt Gen Khin Nyunt as saying. Khin Nyunt had earlier initiated ceasefire talks with a dozen armed ethnic groups and has been urging the KNU and two other ethnic groups along the Thai border to enter negotiations.

The Sayadaw said he met Khin Nyunt four or five times and also met several times with Slorc chairman Gen Than Shwe.

Chuan To Offer Bo Mya 'Temporary Shelter'

BK0602030095 Bangkok BANGKOK POST in English 4 Feb 95 p 6

[FBIS Transcribed Text] Karen National Union (KNU) president Gen Bo Mya will be granted temporary shelter in Thailand on humanitarian grounds similar to other Karen and Burmese refugees, Prime Minister Chuan Likphai said yesterday.

But the Prime Minister denied the rebel leader was already in Thailand after the fall of the KNU headquarters at Manerplaw last Friday.

Interior Minister Sanan Khachonprasat said legal action would be taken against Gen Bo Mya if he slips into Thailand illegally.

The KNU leader should be treated the same way as Cambodian coup leader, Gen Sin Song, he said.

Mr Chuan said he had briefed visiting Burmese Energy Minister Khin Maung Thein on his Government's policy on the refugees and asked him to convey the message to the government in Rangoon.

"The Burmese government must understand this is a burden for us. But as Thailand is a humanitarian nation, we cannot see the refugees killed before our eyes," he said.

"We would rather take care of them and protect their safety. They will be sent back after the situation returns to normal."

Mr Chuan said Burmese and Karen forces would not be allowed to use Thai soil for military purposes.

The Premier will visit Tak and Mae Hong Son provinces tomorrow for three days to observe the condition of people living along the Burmese border.

He said he agreed with a request from foreign countries for Thailand to negotiate with Burma to try to end the battle.

Negotiations have already been held but only to a certain extent similar to Thailand's raising of the matter of dissident leader Aung San Suu Kyi, he said.

Karens Reportedly Commence Guerrilla Campaign

BK0602064995 Bangkok BANGKOK POST in English 6 Feb 95 p 7

[FBIS Transcribed Text] Armed Karen insurgents loyal to Gen Bo Mya have split into many small units to wage guerrilla warfare deep inside Burma against government forces, a Karen rebel source said yesterday.

About 2,000 armed Karen began the guerrilla campaign soon after the Karen National Union [KNU] Headquarters in Manerplaw was overrun by Rangoon forces late last month.

Thai border patrol police said the Democratic Karen Buddhist Organisation, a splinter group of Karen, was supported by 20 Burmese battalions in taking over the KNU headquarters and six other satellite Karen outposts.

The KNU's 4th Brigade in the Tennasserrim mountainous area, across from Kanchanaburi province, was also to dissolve if Burmese forces made a serious attack.

Karen civilians from the KNU headquarters at Manerplaw and its satellite villages have taken refuge along Thai-Burmese border. But most are at Mae Moei village in Thailand.

Thai officers from the Third Army area, led by Task Force-34 commander Col Direk Yaemngamriap, have visited the fleeing Karen at Mae Moei village where 1,500 live.

The KNU's Forestry Minister, Phado Aung San, told the Thai authorities the displaced Karen had brought with them some food.

He said Karen soldiers who fled to Thailand did not carry weapons with them and would not cause any problem for Thailand.

Border patrol police said about 1,500 Burmese troops, guided by the Karen splinter group, had moved from the former KNU headquarters to the south, reportedly to attack Bho Paw Hta, a KNU market opposite Tha Song Yang district.

Third Army commander Lt-Gen Surachet Dechatiwong, who made an official visit to the refugee camp at Mae To La in Sop Moei district, Mae Hong Son province, said Thai authorities would not force the displaced persons back to their homeland because fighting between the Karen and Burmese troops was continuing.

"For humanitarian reasons, we will not send these people back. We will send them back after the situation in their area has returned to normal," he said.

Aid for these people would be the duty of Mae Hong Son provincial authorities, he said. Some private relief organisations would also help.

House Foreign Affairs Committee chairman Suthin Nopphaket and his team also visited Mae To La village to collect information on the border problem.

The United Nations was trying to solve the problem, Dr Suthin said.

Lao Minister: Maintain Current Bilateral Policy

BK0602014695 Bangkok THE SUNDAY POST in English 5 Feb 95 p 4

[FBIS Transcribed Text] Lao Foreign Minister Somsavat Lengsavat yesterday called on Thailand's foreign minister to maintain the current policy aimed at tackling unsettled problems between the two countries.

Thailand and Laos "should resolve the remaining problems as soon as possible in order to open a new chapter in their long history of neighbourly ties," Mr Somsavat said in Bangkok after presiding over the opening of the new Lao Embassy with outgoing Foreign Minister Thaksin Chinnawat.

His call came exactly a week before Mr Thaksin steps down next Saturday as foreign minister, and Mr Somsavat expressed regret for the change.

Mr Somsavat pointed out that Lao-Thai ties are now developing firmly and hoped that the momentum will continue with more Thais investing in Laos for "our mutual benefits".

Mr Thaksin said he assured his Laotian counterpart Friday of Thailand's intention to resolve the border issue and all lingering problems with Laos.

The two ministers also held talks over dinner on Friday.

Deadlock over the border demarcation is the main sticking point among a host of issues Bangkok and Vientiane are trying to resolve.

The issue is complicated as it involves Ban Romklao and three nearby villages over which both countries have staked their claim.

Thai and Lao officials met in Nong Khai Province on January 23-24 in another round of talks to resolve the border issue.

However, the Lao minister acknowledged that the border committee was unable to find a solution and decided to have officials at a higher level make a decision.

Mr Thaksin quoted his Lao counterpart as saying during Friday's talks that Thailand should speed up the conclusion of the deal on purchasing electricity from Laos.

Thailand signed an agreement to buy only 200 megawatts of electricity against an earlier promise to 1500 megawatts.

Mr Thaksin said he will convey the matter to Minister of the Prime Minister's Office Sawit Phothiwihok who is in charge of the deal.

Mr Thaksin also assured that Thailand will repatriate all the remaining Laotian refugees living in Thai camps by this year and that Thailand was ready to coordinate with other countries offering Laos aid for the repatriation programme.

Thailand will start developing Luang Prabang airport on February 16, he said. The upgrading of the airport will be carried out with Thai assistance totalling 50 million baht.

During the embassy opening, Lao Ambassador to Thailand Bounkeut Sangsomsak said Thai-Lao relations will reach another milestone with a state visit to Thailand of President Nouhak Phoumsavan this month.

His six-day visit begins February 14.

Mr Nouhak will be the second Lao head of state to visit Thailand since the Lao People's Revolutionary Party took power in 1975. Late President Kaysone Phomvihan visited in 1992.

Cuban Foreign Minister Meets Agriculture Official

BK0302132395 Bangkok MATICHON in Thai 3 Feb 95 p 10

[FBIS Translated Text] Deputy Agriculture Minister Praphat Limpaphan said after receiving Cuban Foreign Minister Roberto Robaina that they discussed bilateral agricultural economic relations involving such products as Thai rice and Cuban sugar. He said Cuba is interested in buying large amounts of rice and natural rubber. In the past Cuba exchanged sugar for rice which China bought from Thailand. Cuban resources of interest to Thai industries include fish and minerals such as iron, copper, and nickel.

AFTA Tariff Reduction Schedule Moved Up

BK0602014195 Bangkok BANGKOK POST in English 4 Feb 95 p 24

[FBIS Transcribed Text] Thailand has announced new schedules for tax reductions under the ASEAN Free Trade Area [AFTA] agreement for goods on the normal and fast tracks, prompting Thai enterprises to speed up their adjustments.

Under the new timetables, taxes for goods on the new fast-track scheme will be reduced to between zero and 5 percent within 10 years through cuts in import tax of five percentage points a year.

A Finance Ministry source said the move would be in line with an agreement made by ASEAN economic ministers to shorten fast-track tax cuts from 15 to 10 years from 1993.

That prompted all AFTA members to work out their own new timetables for tax reductions.

In the case of Thailand, in 1997 import tax for goods exported by ASEAN countries to Thailand will be reduced to below 25 percent.

Finance Minister Tharin Nimmanhemin said the AFTA committee meeting yesterday also considered non-processed agricultural products and decided the products would be classified into three groups.

First is non-processed agricultural products which are ready to be admitted to the AFTA scheme; second is those which need a certain period before they are admitted to the scheme, and third are "sensitive" products which Thailand does not want to come under the tax reduction scheme. This group contains 47 items including coffee, soybean and tea.

But a ministry source said Thailand was ready to bring all non- processed agricultural products under the AFTA scheme if other ASEAN members were ready to do the same.

Mr Tharin said the new tax reduction schemes of all ASEAN members would be compared to see if they matched at the group's meeting of economic ministers in Phuket in March. Non-processed agricultural products would be discussed.

He said Thailand would set up an AFTA unit to look after issues related to the agreement. This unit would be under the Fiscal Policy Office.

Customs Department director-general Suphachai Phisitwanit said that since Thailand reduced import tax on 8,000 items at the start of this year, imports of the goods had not risen much.

"Maybe they do not know about the reduction yet," he said. Imports of goods from ASEAN members under the new AFTA tax rates must be accompanied by a certificate of origin which is issued only for goods which have at least a 40 percent local content.

In future, when more goods from ASEAN members were imported, there might be problems of false certificates, he said.

Suphachai Seeks Lower Countertrade Requirements

BK0602090995 Bangkok KRUNGTHEP THURAKIT in Thai 6 Feb 95 pp 1, 6

[FBIS Translated Excerpt] Deputy Prime Minister Suphachai Phanitchaphak plans to propose to the cabinet to reduce the value of countertrade projects from 1 billion baht to 500 million baht for projects using foreign loans, as well as those which the buying agencies arrange their own procurement. In addition to the purchase of G-222 aircraft from Italy, three other countertrade projects reportedly will follow.

According to Suphachai, government and state enterprise units whose procurement projects reach 1 billion baht in value must comply with the countertrade regulations. So far four projects fall within this category.

1. The Provincial Electricity Authority's [PEA] project to purchase equipment for its electricity generating plant fueled by waste products will cost some 1 billion baht. It will be built in Chiang Mai or Lamphun Province. 2. The Harbor Department has a project, valued at 3 billion baht, for purchasing eight mining vessels.

3. The Meteorological Department's project involves buying computers for weather forecasting, and will cost about 1 billion baht. 4. The Agriculture Ministry's project involves purchasing Indonesian GN-235 aircraft.

The Communications Ministry already withdrew the countertrade project for mining vessels, claiming that it was not ready.

The project's problem is its cost. The loan request was made for 2 billion baht, but the price has risen to 3 billion baht. As a result, the project has to be resubmitted to the cabinet for consideration. The relevant agencies have to be consulted as well.

"The problem of this project is reportedly its high cost. I do not understand why the ministry concerned did not negotiate a countertrade deal. It is inappropriate to claim that there was not enough time. In any event, the Communications Ministry withdrew the project by itself, so the cabinet will have to make a final decision."

Suphachai said certain agencies, such as the PEA, fear that it will be too time-consuming to use the countertrade system, but the committee [not further specified] has given assurance that that will not be the case and that it will be able to negotiate the best deal.

Moreover, the meeting [not further specified] also considered the cabinet's resolutions concerning the countertrade matters which require government agencies and state enterprises to arrange countertrade if their foreign procurement exceeds 1 billion baht.

The committee felt that the 1 billion baht requirement might be too high because many agencies are buying foreign products and equipment. The requirement should be reduced to 500 million baht so that the overall value of countertrade will increase, which will boost Thai exports and expand their base.

In a large procurement project involving more than 500 million baht, the letter of undertaking [preceding three words published in English] will be required regardless of whether foreign loans are used in the purchase. This is because the lender will set tight conditions in the loan contract, sometimes making it difficult for Thailand.

"In any event, the committee feels that countertrade can be arranged in procurement projects financed by foreign loans."

Suphachai said that in addition to lowering the requirement on the value of foreign procurement by government agencies and state enterprises, regulations should be issued to cover purchase through foreign loans by reforming the countertrade rules.

Meanwhile, Deputy Commerce Kopsak Saphawasu said a reduction in the countertrade requirement to 500 million baht will protect the national trade interest from disadvantages imposed by other countries and help the flow of Thai exports. [passage omitted]

Editorial Criticizes Gas Deal With Burma

BK0602044195 Bangkok THE NATION in English 4 Feb p A6

[Editorial: "Thai Pipeline and Dams Will be Slorc's Salvation"]

[FBIS Transcribed Text] The smiles at Thursday's contract signing ceremony could not hide the tension that was in the air. By agreeing to purchase natural gas from Burma's Yadana field and import it via pipeline, the Thai government has yet again propped up the State Law and Order Restoration Council (Slorc) and hammered one more nail into the coffin of Burma's democracy movement.

The foreign oil companies involved—France's state-owned Total and the US-based Unocal—must also be condemned. Their greed for profits at the expense of human rights makes the fine words of Western leaders seem like bald hypocrisy.

The claim by PM Chuan Likphai—who presided over the ceremony—that the deal does not constitute support for Slorc and has nothing to do with Burma's internal politics was pathetic. It contradicts his simultaneous assertion that trade with Burma will help open up the country and improve its political and human rights situation.

A stronger middle class in Burma could help push the country's leaders toward democracy. But the [baht] Bt10 billion which Thailand will pay every year for the gas will go straight into Slorc's coffers. There is no assurance that this wealth will "trickle down" to create that middle class. In the past, Slorc has used the money it receives to buy weapons from abroad and so stay in power.

Even if such "development" does eventually bring democracy to Burma, it won't arrive for a long time yet. The Burmese people may be forced to suffer decades of dictatorship despite the fact they have already taken part in the democratic election of 1990, whose results were brazenly ignored by Slorc.

The least Thailand could have done was demand that Slorc release Aung San Suu Kyi in return for buying the gas. After all, Thailand was the only market where the gas could be sold. But instead Thai authorities used their leverage to get as cheap a price as possible, one considered below market rates.

The emperor wears no clothes, Mr Chuan. Thailand has signed the deal because it is hungry for natural resources and does not care who has to suffer as a result.

Yet more nonsense came from the mouths of NSC [National Security Council] chief Charan Kunlawanit and government spokesman Akharaphon Sorasuchat, who claimed the recent attack by Slorc on Karen insurgents was not related to construction of the pipeline.

Charan said the same thing last year when Thailand forcefully repatriated Mon refugees who had fled a Burmese attack on their camp at Halockhani. No one believed it then, either.

In fact, Slorc's sudden attack on Manerplaw—which contravened its own unilaterally declared ceasefire—probably resulted from a need to improve the security situation along the pipeline route, so that financing and construction of the project can go ahead.

Thailand will now most likely pursue other ill-advised energy projects in Burma. Following the loss of Manerplaw, the Karen may soon face an even larger catastrophe if the plans to build one or more large dams on the Salween River go ahead.

Damming the Salween would constitute an injustice of monumental proportions. The reservoir would displace countless thousands of Karen and other villagers, for whom the Salween valley is home. It would probably be built with forced labour, perhaps by the same people who will be resettled.

What's more, the benefits of the project would not even go to the people of Burma. The electricity, and perhaps the water, would be exported to Thailand. Companies from Thailand and other foreign countries would receive lucrative construction contracts.

This is neo-colonialism, pure and simple.

As with the pipeline, a Salween dam could also be a disaster for Thailand. It will make us heavily dependent on the goodwill of a politically unstable regime, posing a long-term threat to our national security.

Meanwhile, the pipeline route remains far from secure. For while Slorc may have won the battle for Manerplaw, the war is far from over. The tatmadaw [Defense Services] will now carry out more assaults on the many Karen, Mon and other insurgents still active in southeastern Burma.

This will lead to more misery in Burma, and more refugees flooding into Thailand, where they receive a cold welcome.

Interior Minister Sanan Khachonprasat has threatened to send the 6,000 who have already arrived back into Burma regardless of whether or not there was fighting, although he later softened his stance.

So far, most officials seem to have learned their lesson from the Halockhani incident last year, and speak comfortingly of offering humanitarian asylum, at least for a limited time.

This is the least we can do, considering that Thailand's hunger for Burma's resources has been a major cause of the recent fighting. And it remains to be seen whether the patience of the Thai authorities wears thin as more and more refugees come over the border.

Indeed, it is hard to see how the pipeline can ever become secure without a comprehensive peace.

It does not take many guerillas to blow up a gas pipeline, no matter how deeply it is buried or how well it is guarded.

But the Slorc's refusal to offer any kind of political compromise—whether in negotiations with the minority insurgents or with Burma's democratically elected leader Aung San Suu Kyi—has ruled out any kind of peace except for that which comes out of the barrel of a gun. In the end, that is no peace at all.

Vietnam

Reports on ASEAN Membership Status

VNA: 'Officially Admitted'

BK0302130795 Hanoi VNA in English 0627 GMT 3 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 3—The ASEAN Standing Committee has officially admitted Vietnam as the association's seventh member. This was decided at the first session of the committee held in Jakarta on Jan. 26.

Vietnamese Ambassador to Indonesia Mr. Nguyen Trung Hieu represented his country for the first time to attend a confrence of department directors of the ASEAN countries held in Indonesian capital since Vietnam became observer of the organization in 1993.

Radio: Accepted as Observer

BK0502123495 Hanoi Voice of Vietnam in English 1000 GMT 5 Feb 95

[FBIS Transcribed Text] General secretary of the Association of Southeast Asian Nations, Ajit Singh, said Vietnam has been officially accepted to be a member of the Standing Committee of the association as an observer.

Mr. Singh said when Vietnam becomes the seventh ASEAN member, all nations in Southeast Asia would be closer and it would ease the tension in the region.

Post-Embargo Trade Relations With U.S. Viewed

BK0602024995 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 4 Feb 95

[FBIS Translated Text] In a recent Sunday issue, the newspaper TUOI TRE [Youth] ran an article entitled: Vietnam-U.S. Trade—One Year Later.

The paper said: Since U.S. President Clinton announced the lifting of the trade embargo against Vietnam, many U.S. companies have begun doing business with Vietnam. As of early January 1995, 37 companies had been licensed for operation in Ho Chi Minh City alone. It is predicted that exports and investments by U.S. companies in the Vietnamese market during the 1994-95 period will amount to some $2.65 billion and that this figure will rise to over $8.22 billion by 1998.

On the Vietnamese side, 151 Vietnamese businessmen travelled to the United States to participate in a trade show in San Francisco. According to the author of this press article, however, exporting Vietnamese goods to the United States is not easy because of the high import tariffs. This is because Vietnam has not been awarded most favored-nation-status.

State Firms 'Gradually' Adapt to Market Economy

BK0602024395 Hanoi Voice of Vietnam in English 1000 GMT 5 Feb 95

[FBIS Transcribed Text] Thanks to the renovation of managing structure, the state-owned enterprises, known as SOE's, have since 1990 gradually adapted themselves to the market economy after a long period of stagnance. According to responsible sources, at present Vietnam has more than 6,000 SOE's, only half of the 1990 figure. By applying modern technology, a number of SOE's products now can compete with imported goods of the same kind. The achievements were resulted from the government's renovation policies such as the expansion of self-governing right in production and business for state enterprises, the decrease of direct subsidies, direct importation and exportation, the introduction of the company law, the private business law and other policies on encouraging the development of non-state economic sectors, and the experiment of equitalizing of some state-owned enterprises.

In the time to come, state enterprises will continue renovating its structure in conformity with the general development of the national economy, switching to a multiform ownership, carrying out policies and measures on organizing and managing state enterprises, and getting all state enterprises into market economy in order to make their economic operation more profitable and effective.

SCCI Chairman Meets With Foreign Investors

BK0402111295 Hanoi VNA in English 0644 GMT 4 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 4—The State Committee for Cooperation and Investment (SCCI) chairman, Mr. Dau Ngoc Xuan, met here recently with representatives of foreign companies with investment projects afoot in Vietnam.

Speaking at the meeting, occasioned by the 65th founding anniversary of the Communist Party of Vietnam and the Lunar New Year festival, the SCCI chairman said that foreign investors' active and effective activities on larger scale in Vietnam were eloquent evidence of the sound policy of the party, the initiator and the leader of the renovation process which has helped promote foreign investment in the country.

Foreign Investment Status, Outlook Reviewed

BK0302045195 Hanoi THOI BAO TAI CHINH in Vietnamese 5 Jan 95 p 9

[Article by Minh Anh: "Foreign Investment in Vietnam: Results, Difficulties, and Prospects"]

[FBIS Translated Text] The favorable situation at home and abroad in 1994 continued to promote and attract foreign direct investment in Vietnam. The party Central Committee's Seventh Plenum asserted major orientations for national industrialization, thus serving as a basis for promoting foreign investment in the country from now until the year 2000. The lifting of the U.S. embargo against Vietnam not only improved economic and political relations between Vietnam and the United States, but also helped strengthen relations between Vietnam and other countries and international organizations.

Amid this encouraging atmosphere, the State Commission for Cooperation and Investment granted licenses to 360 projects with a total registered investment capital of $4 billion, thus raising the number of approved projects during the 1988-94 period to almost 1,200 with a total paid investment capital of $12 billion. On average, each project invested about $10 million. (In China, about $1.3 million is invested in each project on average).

It can be said that the volume of direct foreign investment in Vietnam has increased rapidly. The annual average rate of increase during 1991-94 was 46 percent. Projects with investment capital of over $5 million accounted for 27 percent or projects, but dominated with 88 percent of the total investment capital. Whereas foreign investment focused on oil and gas exploitation and hotel construction during the 1988-90 period, more investment has been made in the industrial domain since 1991. As of late 1994, industrial investments dominated with 54 percent of the registered investment capital. Over the past seven years, 70 percent of investment capital was reserved for material production projects and 30 percent for hotel services. About 60 percent consisted of in-depth investments to improve and upgrade projects. The number of natural resource exploitation projects other than oil and gas was small; it accounted for only 2 percent of the total investment projects. To date, more than 700 companies from 50 countries and territories have invested in various projects in Vietnam. Those countries that take the lead in investments are Taiwan, Hong Kong, Singapore, the Republic of Korea, Japan, Australia, Malaysia, France, Switzerland, and the United Kingdom. State-run enterprises took part in 98 percent of these projects while nonstate economic organizations shared only 2 percent of projects and 0.4 percent of the total registered investment capital.

Operational capital in 1994 was estimated at $1.4 billion, thus accounting for 32 percent of the total registered capital (in China during the 1979-93 period it was only 28 percent). Exports by enterprises with foreign investment capital amounted to about $300 million, accounting for 8.3 percent of the total export value. Financial procurement for the state reached more than $128 million. (Excluding $27 million derived from the commission of the Thanh Long Mine and export-import taxes).

One of the most important achievements was the transfer of modern industrial technology in such areas as telecommunications; oil and gas exploration; car and motorcycle assembly; chemical products (engine oil and paint); the planting of bananas, mushrooms, vegetables, and corn using modern biotechnological methods; the raising of brackish shrimp using the industrial method; the construction of high-quality service hotels; and the production of high-quality consumer goods and foodstuffs. Most of the equipment imported into our country is of international standard quality and is very modern compared to our equipment. We have also learned a number of progressive management methods and gained experience in production and business organization. We have provided jobs for more than 60,000 workers and tens of thousands of laborers working on infrastructure projects, the production of raw materials, and other services.

As of the end of 1994, a total of 180 projects had been completed ahead of schedule with a total registered investment capital of $800 million, accounting for 15 percent of total investment projects and 7 percent of the registered capital. About 80 percent of the projects that had their licenses revoked or were dissolved ahead of schedule were small-scale projects; 70 percent of them were carried out in the first year. The cause of their failure was the shortage of financial sources from abroad, failure to fulfill capital contribution commitments, complicated changes in markets and prices that resulted in a variation with estimates made at the beginning of the projects, and internal conflicts of various joint ventures that created obstacles for the implementation of these projects. The state management apparatus was not able to resolve conflicts that arose during the implementation of these projects, especially the differences enterprises had with changes in state policies.

Apart from these initial results, we have been able to discover shortcomings and weaknesses in state macroeconomic management as well as in the microeconomic activities of enterprises. Our laws and policies still have many loopholes. They have not been perfected and made uniform and are not up to our standards, thus creating difficulties for our operating management and for investors. More seriously, laws have been enforced at will and discipline and order have not been strictly maintained. Efforts to carry out planning for development of sectors and areas under various territorial organizations are still slow. So far, no specific plans designed to attract foreign investment have been approved, especially key projects under general economic planning. The lack of specific planning has become an obstacle that requires our attention.

Lately, two important issues have emerged to hinder foreign investment efforts and create a negative impact on the investment atmosphere. First, our investment procedures are cumbersome and complicated and therefore discourage foreign investors. The reason for this is that state organs have failed to plan economic and technical norms and standards satisfactorily; to rationalize and prioritize procedures for providing guidance to investors to help them avoid having to go around to various offices only to find out that the procedures have been changed. Vietnamese business partners have failed to make the necessary preparations for business contacts with foreign partners. That is why negotiations have been prolonged, business contracts have been poorly prepared, and project files have been repeatedly revised. Second, the contingent of cadres, especially cadres engaging in joint ventures, is short staffed and weak in terms of competence and quality. These are the main causes of negligence and violations of the law in production and business and for the failure to protect the interests of the state—of the Vietnamese side.

In our efforts to attract foreign investment, we have faced countless difficulties as other countries in the region change their policies to create a more attractive environment for foreign capital investment. Amid a tense situation regarding the supply and demand of capital investment in the world, how to attract a few billion dollars per year is now a difficult question. Capital is not the only problem, though. There are other problems, such as the quality and efficiency of investment projects, because our infrastructure is still weak and our managerial mechanism is undergoing changes with some old things still lingering while the new things are still in the process of taking shape. This has created more difficulty for us.

From 1995 onward, we must effect a more vigorous change in our efforts to compete for foreign investment capital to serve our industrialization and modernization strategy and contribute to improving our country's economic structure. We must strive to obtain $18-20 billion in direct foreign capital investment by the year 2000.

In achieving partnership with foreign countries, we must firmly grasp the motto of diversification and multilateralization on the basis of equality and mutual benefit. As for those important projects requiring high technology, we must strive to win capital investments from giant companies and national conglomerates, chiefly from the developed and industrialized countries. With regard to those projects in various sectors such as light industry, agriculture, forestry, marine products processing, and hotel and service operations, we can broaden business partnerships more extensively and select investors from among various countries.

* 'Plight' of Amerasians Sent to U.S. Reported

952E0048A Hanoi DAI DOAN KET in Vietnamese 10-16 Dec 94 pp 1,7

[Article by Truong Duy Nhat: "The Plight of Amerasians"] txt

[FBIS Translated Text] Sneered at, scorned, and ill-treated in the past, Amerasians are now being coddled and welcomed, and people are prepared to lay out dozens of ounces of gold on—and to fight for—an Amerasian. In Nui Thanh District (Quang Nam-Danang Province) alone, there are more than 200 Amerasian born before 1975, and they have become hot property. Wheeler-dealers from everywhere—Danang, Ho Chi Minh City, and Eastern Nam Bo—are pouring into Nui Thanh looking for Amerasians to buy. Many times I have seen buyers hold a flashlight close to the faces of Amerasians, pat their heads, look under their eyelids, undress them to check the color of their skin... before a price was agreed on. I have also read nearly 10 letters that Amerasians in the United States sent to their families, to their mothers who had silently suppressed their tears watching their children depart while they themselves decided to stay in the homeland. Each of these letters told a poignant story....

I will never forget the heart-wrenching scene of a woman seeing her son off. Around noon, no sooner had I got off a bus at an intersection than a Ho Chi Minh City-bound express bus pulled up to pick up passengers. After much struggling, two men—both around 36-40 years old—finally succeeded in dragging an Amerasian child onto the vehicle. A woman with a rustic appearance rushed to the bus as if trying to wrestle back her black son while the two men kept pushing the boy onto the bus. One of the men then took off a gold ring he was wearing and put it in the women's hand, shouting:

—Don't blow it. This is another chi of gold [weight unit equivalent to 3.75 grams] for you. Take it and leave us alone.

Suddenly, the bus roared off. The woman's old conical palm hat was caught in the door of the bus and crushed to pieces. She fell face down on the road, sobbing uncontrollably. I did not know the woman's name; but I heard some young men who were drinking coffee in a roadside shop say that the black Amerasian was her son and that she had sold him to some buyers from Dong Nai for 1.6 ounces of gold, including the chi the men gave her out of "sympathy."

I have witnessed nearly a dozen scenes of people dragging Amerasians like the woman's son onto buses. Many of the children could not hold back their tears when they had to leave their home towns, follow strangers, and go overseas with them soon afterward. But some were taciturn and stubborn, showing a come-what-may attitude....

So, there were mothers who were heartless enough to sell their own children—even if these children had been conceived "unwillingly." One wonders whether one should feel angry or sympathetic toward a woman named Tran Thi Hoang of Tam Hiep Village when she sold her Amerasian child twice to different buyers. Should we call a crime the act of lining up Amerasian children—black and white alike—for sale as if they were living commodities? There have appeared Amerasian-children broker and trade services with tightly organized, sophisticated operations linking Nui Thanh District and Danang with Ho Chi Minh City and Nam Bo provinces. How could we explain the fact that a Mr. Nguyen Ly of Tam Quang Village unexpectedly brought home from only-God-knows-where two Amerasian children and coddled them as if they were treasures? Nui Thanh District public security officers disclosed that some persons had spent up to 40 ounces of gold to buy 12 Amerasian children but, afraid of being discovered by the public security, put each of them up in a different home. Some even hid Amerasians in the mountain districts of Tra My and Tien Phuoc or put them up as far away as Quang Ngai and Hue. Once a prospective buyer was found, he would be taken to the hiding place to view "the goods" and agree on a price.

In the past, people used to slight and scorn Amerasians, and even their mothers were ashamed of them. But nowadays people are willing to buy them, ready to lay out ounces of gold and to grease the palm of this or that official to obtain birth certificates, which would turn these Amerasians into their legitimate children.

A woman cadre of the Nui Thanh District Women's Union told me: "It's amazing how people are eager to get an Amerasian wife or husband. Near my home, a young man was beaten up and cursed all day long by his parents simply because he refused to marry a black Amerasian girl as they told him to." A Mr. B.T. of Nui Thanh Township, who in the past used to call Amerasians names and treat them with contempt, recently persuaded his under-16-year-old daughter to marry an Amerasian youth. His daughter's wedding was regarded as quite an "event" in Nui Thanh Township.

I have also witnessed a black Amerasian youth of Tam Nghia Village tearing up a wad of new banknotes offered by a broker and yelling in anger: "Don't sell us like that!" Not a few Amerasians candidly told me:

—We are countrymen who are busy all the year round cultivating our land. Now we have learned that we are allowed to go overseas, but we know nothing of the formalities and paperwork involved. So, we cannot do anything accept resign ourselves to being bought and sold, provided we can go abroad in the end....

In Nui Thanh District alone, there are more than 200 Amerasians. The district has a large number of Amerasians because Chu Lai was once the largest U.S. Army, Naval, and Air Force base in Southeast Asia. In addition, there are almost 30,000 other Amerasians in the southern half of the country.... Many of them have departed, but not a few are on tenterhooks, awaiting their flights out. The trade of Amerasian children throve for many long years; then, a number of organizations and individuals involved were exposed and arrested, and proceedings were initiated against the suspects in some cases. As a result, for a few months now the Amerasian-children trade have temporarily subsided, but the situation is not really "calm" yet.

The above were some vignettes of those Amerasians who have not left the country yet. How about those who have "escaped," who have returned to their fathers' homeland? How are they living now? I have read nearly 10 letters Amerasians in the United States sent to their families in Vietnam, each expressing sadness, disappointment.... Mrs. H. (name withheld at her request) showed me a letter her Amerasian son sent her from Ohio. It read:

Dear Mom: One year has elapsed since I left you, Grandpa, Grandma, and my homeland. I have always thought of you, Grandpa, Grandma, Auntie, Uncle, and our neighbors. I wonder how you are taking care of yourself during the rainy season without me. Now I realize what an undutiful son I have been. Alone and lost in this strange land, I can only cry silently because I feel pity for you, and I bow my head asking your pardon. I decided to leave the country then because I wanted to find my unknown father. When I first arrived here, I was given money, and I spent some of it to buy and send you a box of goods, but I don't know if you have received it yet. I kept the rest for the purpose of finding my father as you told me to. Over the past year I wandered everywhere, knocking at every door but no American agreed to be my father. So I went back to Mrs. Toi, the woman to whom you sold me in Vietnam. But Mrs. Toi and her husband drove me away. Without relatives and homeless, I felt lonely and lost in a strange society. Sometimes I thought about going back to you, Mom, but it is too difficult to do so. It was easy to leave the country, but how can I go back to live with you now? I am now working as a porter for a Filipino. This is very hard work, but I am willing to swallow the bitter pill to survive, waiting for the day I could go back to you. I wish you good health and Grandpa and Grandma a very long life, so you can wait for my return. Dear Mom, try not to cut down the jackfruit near the well, please keep it for me.

Your son who is far away: Nguyen Van Tam.

Mrs. H. also told me that her son was determined to leave the country then and wanted her to accompany him, but she did not want to leave her homeland. Lacking the money needed to arrange for his trip, she had to suppress her tears and sell him to a broker from Dong Nai Province. Not until one year later did he send her a letter. "It is too far away, I don't blame him. But I don't know if I'll live long enough to wait for his return," Mrs. H. said, drying her tears. It was lucky that she did not leave then and that her son still remembers her. After all, the love between mother and son has still survived.... But how sad I felt when reading a letter from another Amerasian in California to his uncle in Vietnam. The letter read: I don't how shocked you will be when you learn that my mother has kicked me out of her home and married an American. I did not desert my mother, but she deserted me.... A week ago I met an old acquaintance, Mr. Ba, who used to live in Bau Tau Hamlet in our home province. I was so happy, and I asked him to let me stay with him and work for him. But he dismissed me outright and said: "Once we are in this country, there are no relatives, no neighbors, no fellow countrymen!" I was so sad and angry that I intended to lash out at him, but then I thought better of it, believing that doing so would only tarnish the reputation of our "own people," don't you think so, Uncle?"

There was another letter from an Amerasian child in Texas to his friend who was also an Amerasian still in Vietnam. The letter read: "If you have not received your passport yet, I advise you not to go. Once here you would be in the same predicament as I am enduring now. You want to come here to look for your daddy? You will never find him. I left the country for the same purpose, but once here I realized that I had made the wrong decision. I was abandoned and shunned; nobody wanted to play with me. You say you would like to come over here for a better life? You are absolutely wrong. I am living her like a dog, alone, suffering hardship, and so forth.

I would like to provide more extracts from some other letters, but I think it would not be appropriate to do so.

Anyway, the above was quite enough to show the feelings of the Amerasians who are living far away from their birthplaces.

Do Muoi Speech Marks CPV 65th Anniversary

Part I of Speech

BK0302152495 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 2 Feb 95

["Part 1" of speech by Party General Secretary Do Muoi at a meeting held in Hanoi on the afternoon of 2 February to mark the Communist Party of Vietnam's 65th anniversary—read by announcer]

[FBIS Translated Text] Today, amid the jubilant atmosphere of early spring, we are solemnly celebrating the 65th anniversary of the founding of the Communist Party of Vietnam [CPV]—the party which led our people to defeat various invading forces and regain independence and freedom for the fatherland and which is now leading our nation along the path of undertaking the renovation process for the sake of the happiness of the entire people.

In this joyful and elated atmosphere, we, with boundless admiration and gratitude, sincerely and respectfully remember President Ho Chi Minh—the great son of the fatherland and the nation, the great master of the Vietnamese Revolution, and the founder and trainer of our party. His ideas will forever illuminate our people's struggle for glorious successes. Today, our party and people continue to follow the revolutionary path charted by him and strive to achieve the ideological goal he once dreamt of.

We sincerely remember esteemed leaders such as Tran Phu, Le Hong Phong, Ha Huy Tap, Nguyen Van Cu, Truong Chinh, and Le Duan, who once played major roles and performed great deeds for the cause of our party and people during various revolutionary stages.

We remember the staunch communist fighters, fallen heroes, comrades, and compatriots who heroically sacrificed their lives for our people's protracted revolutionary struggle for the survival and bright future of our nation.

The CPV is profoundly grateful to the people, for they gave birth to, nurtured, and protected the party with all their heart and associated themselves closely with the party during the struggle, which, fraught with sacrifices and hardships, ended with glorious victory.

On this solemn anniversary celebration, allow me to represent the Vietnamese people in sincerely thanking the comrades and friends on all the five continents for the valuable support and generous and wholehearted assistance they gave to our people and country during their just struggle to regain and firmly maintain our independence in the past as well as in the present cause of building a new life.

Comrades and friends: Taking up the tradition of our ancestors in the long history of national construction and defense, right from the early days when the country had just been invaded and then ruled by imperialism and colonialism, our people rose up to fight undauntedly and indomitably with a determination to regain independence and freedom. Many uprisings erupted, many national salvation movements came into life, and many outstanding sons of the people died heroically for that lofty cause. Yet, all these patriotic movements and uprisings were unsuccessful. The situation at that time demanded the establishment of a vanguard political organization armed with an advanced ideology so as to determine a correct line to liberate the nation and the laboring people.

Sixty-five years ago, on 3 February 1930, led by Nguyen Ai Quoc, its leader, the CPV came into being to meet that demand. That was an extremely important historic event, marking a shining milestone on the path of development of the country and people. Right from its founding, the party introduced its abridged main lines of activity, its abridged strategy, and a political platform for the Vietnamese Revolution. The people were in sympathy with all the aforementioned and strenuously implemented them.

Led by the party, our people fought heroically and experienced untold hardships and sacrifices, taking the Vietnamese revolutionary cause from one victory to another. This resulted in the imposing victory of the August 1945 Revolution that overthrew the ruling yoke of fascism, colonialism, and feudalism, and led to the founding of the Democratic Republic of Vietnam—the first democratic state of the people in Southeast Asia. This was the famous victory of the two all-people and all-out protracted wars of resistance; these wars against various powerful and brutal invading forces were full of hardships, but they resulted in the defeat of colonialism, both old and new, and in the liberation and unification of the country, ushering in an era of independence, freedom, and socialist construction in our country.

The aforementioned led to the great achievements in national construction and defense and the building of a new regime of the people, by the people, and for the people to transform the people into the owners of the country and their own destiny so that they can strive to continuously improve their material and spiritual life. It led to the important accomplishment of the renovation undertaking, in which our people have been seeing economic development, political stabilization, and the broadening of external relations; along with this there has been a definite improvement in the people's living conditions against a background of multiple hardships and dangerous challenges.

Looking at the desperate situation of our country before the birth of the party, we really appreciate and treasure the great revolutionary attainment recorded by our people under the party leadership over the past six decades, with glorious and sounding victories that have been celebrated by all our international friends. The name of Vietnam has become a heroic symbol and a source of common pride for progressive humanity. The success of our revolution in the past 65 years testifies to the fact that the strength of our people is their devoted patriotism, an irresistible will for independence and sovereignty, and the spirit of unity, positivism, and creativity.

The CPV success over the last half-century was based on the correct blend of Marxist-Leninism, patriotism, and national tradition and characteristics so as to adopt the essence of the human spirit, firmly hold the banner of national independence and socialism, mobilize and develop the strength of the laboring people and the entire people, and amalgamate the national strength with an epochal strength for great present and future achievements.

Experiencing fierce fighting in each of its revolutionary stages, our party has grown up quickly in the hearts of the people and country. Of course, in order to achieve this, the party has suffered numerous challenges and sacrifices with millions of outstanding sons of the party and nation having fallen, hundreds of thousands of party members and cadres having been tortured and jailed, and many excellent party leaders having been executed. All of them also were ready to sacrifice for the cause of national salvation.

Although having had very great successes through its leadership, the party has sometimes committed shortcomings and mistakes, even suffering from temporary setbacks. However, the most important thing is that our party has not covered up its wrongdoings; it has publicly admitted its mistakes and sincerely listened to public opinion, investigated the real situation, quickly reviewed the situation, and resolutely corrected itself. Therefore, the party has grown up quickly and gained more trust from the public.

Normally, from a historical perspective, when a revolution is moving to a new stage, more challenges will appear to test the capacity, knowledge, quality, leadership, and fighting power of a party. One of our party's great lessons is that in those critical times, our party has always been stable and firm in its goal and strategic direction. At the same time, it has become more skillful, flexible, and active in its tactics of using unchanged goals in dealing with all the changes. The party has also proved that it is absolutely loyal to revolutionary idealism and the benefit of the country and the working class by firmly holding and creatively applying the scientific and revolutionary principles of Marxism-Leninism and Ho Chi Minh Thought to firmly maintain independence, sovereignty, unity, and internal unanimity and be closely attached to the public. That is the secret of success which has helped our party to overcome all challenges, even very dangerous ones.

The last 10 years have had special significance for our national revolution, with numerous ups and downs. In a complicated world with numerous national difficulties, hostile forces have incessantly carried out their sabotage activities. Our party has firmly maintained its leading role to steer the ship of revolution out of all dangers, continue to move forward, and carry out the renovation with great achievements.

Our party and state have outlined and gradually amended and perfected the renovation line in a correct and creative manner. It initially established a system of leading concepts and principles for the renovation so that we can move to socialism in a way that is suitable for our national reality and along which we can develop the quintessence of our national culture and characteristics. This is the result of a difficult process of analyzing, discovering, reviewing, and renovating our ways of thinking and theories for better understanding of the real situation for the Vietnamese revolutionary. Our party and state have been more mature and gained more experienced in national building and protection in the new situation. That is the most prominent, fundamental, and important achievement in the past renovative years.

The success of the renovative line has once again shown that the party's rule is an objective inevitability and also a most important factor deciding the success of the Vietnamese Revolution. Given the reality of our country, the CPV, the party founded and trained by President Ho Chi Minh —the experienced vanguard fighting brigade of the working class and the loyal representative of the working class, the laboring people, and the entire people, which, armed with Marxism-Lenism and Ho Chi Minh Thought, has millions of outstanding sons in its ranks—is the only force capable of leading our people toward achieving the goals of a prosperous people, a powerful country, and an equitable and civilized society.

With its well-established and time-tested political acumen, with its revolutionary persistence, its intellectual standards, its sense of independence, self-government, and creativity, and with its contingent of devoted, loyal, united, and single-minded party cadres and members, who are symbolic of the competence and quality of the nation, the CPV, supported and assisted by the people, is determined to struggle to fulfill its assigned mandate in the new stage. Any attempts to negate the Communist Party's rule will run counter to the interests of the nation and will certainly be rejected by the people.

Delegates, comrades, and friends, to celebrate the party's 65th anniversary, we are very proud of our party, our people, and our army. We are proud of the path along which we have been and are travelling. We are proud of all the great victories scored by our people under the party leadership.

At present, our country's revolution is facing a developmental step of decisive significance. What we have achieved is extremely important; however, what to do in the future and what to attain will be all the more important. In the immediate future, there are many things to be done. What is urgent is that we must implement the party lines and concepts satisfactorily, as already expounded in the resolution of the Seventh Party Congress and other resolutions of the party Central Committee's Seventh Plenum, to enable our country to develop in the right direction and in a wholesome fashion with a higher and steadier tempo. We must strive to exploit advantages, seize opportunities, dispel dangers, overcome ordeals, firmly maintain political stability, consolidate national defense and security, step up the renovation process, carry out national industrialization and modernization, overcome our country's backwardness and poverty, improve the people's living standards, advance toward the goals of a prosperous people and a powerful country, catch up with various countries in the region and the rest of the world, and build socialism successfully in our country. These are very great and new revolutionary tasks which, as they entail numerous advantages and also difficulties and complexities, require our entire party, people, and army to painstakingly struggle with a high degree of intelligence and determination.

To perform its mandate, our party must strive to surge forward to become a true representative of the intellectual prowess and quality of a nation with a well-established political acumen and with a practical organizational ability capable of meeting any leadership requirements in the new stage.

The state must be truly steadfast, clean, and capable of administrating society through the law with a high level of efficiency and producing results. It must be truly a state of the people, by the people, and for the people. It must always be loyal to and serve the interests of the working class, the laboring people, and the entire people. Our entire people must strive to practice thrift for national construction.

With its mandate to lead the Vietnamese revolution, the party has a very great and heavy duty. The more deeply it is involved in the renovation process, the greater will be its efforts to maintain and intensify its leadership. This must be reflected through its correct ascertainment of the orientations, objectives, ways, and approaches by means of which the country can move forward. From this, the party must provide leadership for the entire political system and social apparatus. In particular, it must provide leadership for the state to unfailingly direct efforts to achieve the objectives and tasks already set forth.

Part II of Speech

BK0602022095 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 2 Feb 95

["Continued part" of a speech by Do Muoi, general secretary of the Communist Party of Vietnam, at a meeting marking the Communist Party's 65th anniversary in Hanoi on 2 February—read by announcer]

[FBIS Translated Text] Marxism-Leninism and Ho Chi Minh Thought are liberation doctrines and spiritual weapons for the working class, the working people, and our entire people. Marxism-Leninism is a basic foundation for Ho Chi Minh Thought. President Ho Chi Minh understood the dialectical, revolutionary, scientific, and humanitarian spirit of Marxism-Leninism before creatively applying and developing it for the concrete issues of the Vietnamese revolution. At the same time, patriotism, fine national traditions, and the essence of the human culture were combined in his great intelligence, brilliance, and personal character to form Ho Chi Minh Thought.

The affirmation by the Seventh Party Congress that Marxism-Leninism and Ho Chi Minh Thought are the party's ideological foundation and compass for action is a new developing step of significant importance in our party's ideological conception and views. In the current situation, we need to be more resolute in that foundation; apply it creatively to practical circumstances; and review concrete results so we can amend and develop it with a positive and creative spirit, but not in a dogmatic, imitative, or copying manner. This is one of the greatest lessons we have drawn from our own experience.

At present, many newly emerging things require us to provide clarification and answers. Life, with its various forms and characteristics, profoundly requires us to research, learn, and investigate more about it. Party cadres and members, therefore, must be in close contact with real life in their studies and training.

Our party is the leader and the fighting vanguard of the working class. It is entrusted with a formidable historic role. Therefore, above all others, it must acquire a high level of intelligence. Thanks to advanced intelligence, clear-sightedness, thorough understanding of ideology and practical circumstances, and correct strategies and policies, the party has led our people to victory over invading enemies, liberated the nation, and regained national independence and freedom.

At present, in order to overcome backwardness and poverty, the party requires even more advanced intelligence. So it is urgent to raise the wisdom of the entire party and each party cadre and member. We must profoundly understand this problem so we can develop plans for regular study to improve our knowledge, thinking, and ideology. This is the duty of every party cadre and member. At the same time, we have to pay attention to educating and training party cadres and members for better morality and a healthier lifestyle.

Our party is a ruling party. Consequently, we must concentrate on our duty to improve the economy and the market-oriented mechanism. Party cadres and members must increase their responsibility for the very important duty of national construction.

Our beloved Uncle Ho said that unity is the root of all revolutions. Our party is the party of unity and civilization. All party cadres and members must always try to upgrade their morality, quality, and personal character. They must conduct a clean life and continue sacrificing and fighting for the party's undertaking, making their legitimate contribution to the common interests of the people, and striving against individualism.

Our country is still permeated with hardship. Our party is a ruling party. Every party member and cadre must thoroughly observe revolutionary ethics. We must keep the party really clean so it can deserve to be a leader and loyal servant of the people. In implementing Uncle Ho's teachings during the revolution process, most of our party cadres and members have consciously tried to correct and train themselves for better morality and lifestyle and to exercise diligence and practice frugality, uphold righteousness, and instill honesty.

Although living amid a fierce war and an economic recession in which daily life was fraught with numerous difficulties, our cadres and party members unyieldingly endured hardships while making great sacrifices and fighting boldly to fulfill all assigned tasks in a satisfactory manner.

Over the past several years, under the new conditions, most of our cadres and party members have continued to set a good example and maintain their ethics while leading a healthy lifestyle, thereby winning the people's love and trust. We must admit, though, that there has been a degradation of quality and ethics among a segment of our party members. A number have swayed and lost confidence in their struggling impetus. Some devote their attention to amassing wealth while forgetting our revolutionary ideology. A large number of cadres from the central down to the grassroots level have distanced themselves from the masses while adopting an aristocratic and coercive attitude toward the people and paying very little attention to the people's daily lives. They violate the people's rights and interests, use their authority and position to waste state property, engage in corruption and embezzlement, misappropriate the state budget, demand bribes, and amass wealth illegally. They lead a degenerate and debauched lifestyle while chasing after money to the extend that, in some places, personal interests are placed above public interests and local interests came before national interests. Some even show their blatant desire to pursue their personal interests, fight for positions, uphold localism and paternalism, neglect party discipline and activities, and violate state law. Many echelons of party committees and chapters have failed to conduct criticism and self-criticism or have carried out this task merely for the sake of show, thus prolonging disunity and promoting the fight for authority and position. These bad practices have created indignation among the masses, thereby diminishing the people's confidence in our regime.

I earnestly ask all cadres and party members who hold positions in various echelons to strive to realize their profound responsibility, consistently enrich their knowledge, struggle to enhance their revolutionary ethics, and overcome bad habits stemming from individualism. If we want to educate others, first we must educate ourselves. Various party organizations must formulate plans to educate, foster, control, and manage party members. While commending exemplary party members, we must resolutely expel degenerate elements from the party and promptly deal with mischievous people who violate party discipline and state law regardless of their authority and position. We must consider it criminal to seek protection or try to create connections.

While carrying out the above mentioned tasks, we must urgently study and formulate a macromanagement mechanism and policy to stop corruption, bribery, and smuggling. We know that these tasks are difficult and complicated, but if everyone is determined and upholds their consciousness while the party and state resolutely rely on the people, then we will succeed. Our party always asserts its strength politically and ideologically while striving to ensure its firm organization. As a result, we must strengthen our party's political and ideological strength in close association with enhancing its organization.

The fundamental factor ensuring our party's firm organization is the correct implementation of the principle of democratic centralism. On the basis of consistently adhering to our ideal goal and political ideology, the party must be a united bloc that adheres to a uniform ideology, impetus, and action. Rejecting the principle of democratic centralism is tantamount to rejecting the party and damaging it from within.

As a result, we must firmly maintain and satisfactorily promote democracy in the party and society. Democracy must be carried out in close association with the effort to ensure social order and discipline. We must formulate a system to develop democracy while strengthening our uniform and centralized leadership in striving to perfect the system in which the collective rules, the individual takes responsibility, the minority submits to the majority, the lower echelon obeys the higher one, the party accommodates the Central Committee, and the Central Committee complies with the party congress. We must strive to overcome such phenomena as bureaucratism, paternalism, arbitrariness, and undemocratic practice that are still prevalent in various echelons. We must also strive to eliminate dissipation, localism, individualism, negligence of party discipline, and the belittling state laws.

Efforts must be made to end disunity in a number of places and accelerate criticism and self-criticism in party activities in a sincere and constructive manner. We must strive to build and perfect the organizational system of party apparatuses and other organizations in our political system in a compact fashion while enhancing their quality and efficacy. We must renovate party activities, improve the leadership style, and ensure a smooth work operation. It is necessary to define clearly the authority and duty of each echelon and the relations between organizations, resolutely streamline extraneous organs, eliminate unnecessary intermediary links, and focus attention on consolidating the two significant echelons at the central and grassroots levels.

Part III of Speech

BK0602052595 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 3 Feb 95

["Last part" of a speech by Do Muoi, general secretary of the Communist Party of Vietnam, at a meeting marking the Communist Party's 65th anniversary in Hanoi on 2 February—read by announcer]

[FBIS Translated Text] After a long and arduous process of revolutionary struggle, our party and Uncle Ho gradually trained, fostered, steeled, and built a large and strong contingent of cadres and integrated it with the mass movements in various areas of social life. The majority of cadres were forged, tested, and raised through the wars of resistance, and they won countless victories. Tens of thousands of scientific, technical, and managerial cadres have been systematically trained at home and abroad. They have made their due contributions to the cause of national construction and defense. These are great achievements and valuable assets of our party and people.

Along with important changes in our country's revolution, the contingent of leading cadres of various echelons and sectors is also in a transitional period. Due to their age and health, many key cadres, especially those at various strategic echelons, have gradually given up their posts for younger generations to take over. Our party must develop a guiding plan to carry out this transition satisfactorily in such a way as to ensure the constant growth of the revolution and the longlasting stability of the regime and the country. It is necessary to pay attention to training, selecting, and using those who are truly loyal to the cause of the working class and who uphold the interests of the nation. The entire Army must be of one mind in serving the country and the people. We must promote unity and recruit a wide range of cadres and make good use of the country's talent, including those outside the party and those belonging to various local ethnic groups and religions and overseas Vietnamese communities. Specific attention must be paid to rejuvenating the contingent of cadres while making satisfactory use of the three age groups in order to guarantee continuity and succession for the contingent of cadres.

It is necessary to renovate concepts and methods to evaluate the performance of, assign duties to, and employ cadres in a truly democratic, scientific, and objective fashion on the basis of quality standards, work requirements, and abilities, using work performance and practical contributions as the measure for their qualities and abilities. We must make appropriate recommendations for promoting cadres, assign them with duties that fit their qualifications, and reward them in a way commensurate with their contributions to encourage them to surge forward and shoulder heavier tasks.

The reality of our country's revolution shows that remaining attached to the people is our party's law of survival and growth and also the source of strength for the revolution. Being bureaucratic and staying aloof from the people are very dangerous practices for a ruling party. Not only will this degrade and disintegrate the party's organization, it may also lead to errors in its political lines. As a ruling party, the party has maintained its close relations with the people through various party organizations, especially grassroots organizations; through the contingent of party cadres and members; and through its policies and lines as well as through the law and various state organs, mass organizations, social organizations, and the mass media.

Over the past several decades, thanks to its close attachment to the people and to its political line that conforms to the evolutional pattern, meets the people's aspirations, and wins the sympathy and support of the people, the party has been able to integrate with the people into a solid bloc. The people trust the party. They have wholeheartedly supported and protected the party and followed its advice. Party cadres and members have set a good example and have fought and made sacrifices for the sake of the people. As Uncle Ho said: Our party is great because it has no interests other than the interests of the classes, the people, and the nation. The people and the party are like flesh and blood. The people regard the survival and growth of the party as their raison d'etre. The people trust the party while the party struggles for the people. This has become a beautiful tradition, creating an invincible might for the revolution. Wherever and whenever party organizations and party cadres and members constantly care for the interests of the people and share weal and woe with the people, the party and the people will be closely attached and party cadres and members will be trusted and admired by the people. Conversely, wherever and whenever party organizations and party cadres and members remain aloof from the people; turn their backs on the people; and are bureaucratic, corrupt, wasteful, and—even worse—vindictive and coercive toward the people, they will be hated and blamed by the people.

Hostile forces are trying to exploit such things to sow division among the party, state, and people. We must be profoundly aware of these things and take positive and practical steps to strengthen the close relationship between the party and people. Specific attention must be paid to upholding the vanguard and exemplary role of party cadres and members and developing the masses' right to mastery. We must devise a substantive system through which the people can truly supervise and control the activities of the party and of party cadres and members. Meanwhile, we must ensure party rule over the entire society.

We must encourage and direct the people to participate regularly in building the party; contributing their views on various party resolutions, policies, and tasks; examining, detecting, and struggling with party members found to have indications of negativism; and recommending worthy people for election to leadership organs as well as people qualified for admission to the party.

In our nation's entire history, the past 65 years represents a very heroic stage. Led by the party, our people have achieved heroic feats in the new era. This is a source of pride for our entire nation, people, and party. Our friends the world over also share this joy with us. They are continuing to provide support and assistance to us in our current national reconstruction. The tasks of our party, state, and people in the new stage are very heavy and also very glorious. We are convinced that, led by the party, with their ardent patriotism and their concern for the destiny of the country and the heroic tradition of the Vietnamese nation, and following the socialist path dictated by the party, our people will be able to struggle to win even greater successes.

Our entire party, people, and Army must be of one mind. We must remain united and do our utmost to brighten the glorious tradition of our nation and gradually build our country into a more pleasant and beautiful one as advised by Uncle Ho.

On the occasion of the At Hoi [Year of the Pig] lunar new year, on behalf of the party Central Committee, I cordially convey my best wishes for good health, happiness, and success to you comrades, countrymen, cadres, and combatants throughout the country; our countrymen abroad; and friends around the world.

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* Solution to Unemployment of Former Soldiers

952E0048B Ho Chi Minh City THOI BAO KINH TE SAIGON in Vietnamese 22-28 Dec 94 p 20

[Article by Song Can: "Ho Chi Minh City Finds Employment for Demobilized Soldiers"]

[FBIS Translated Text] Editor's note: Most demobilized soldiers are jobless. Therefore, finding regular employment for these people is no easy task. The founding of the Vocational Guidance and Placement Center for Demobilized Soldiers, Welfare Recipients, and Poor Laborers in Ho Chi Minh City is a positive contribution to resolving the unemployment problem.

How many demobilized soldiers need jobs?

On 30 November 1993, Major General Nguyen Rang, commanding officer of the Military Command, and Nguyen Van Chi, director of the Labor, War Invalids, and Social Welfare Service of Ho Chi Minh City, signed a joint program designed to devise and implement a project to provide employment for demobilized soldiers, members of the Voluntary Youth Brigade [VYB], and welfare recipients in 1994-1995. This program could be understood to be a contract to determine the responsibility of various state agencies for the welfare of young people who have fulfilled their military obligation. According to the figures provided by the program, since 1989 there have been about 20,000 jobless ex-soldiers and VYB members. In addition, each year from 4,000 to 5,000 young people return to civilian life after completing their military service, further aggravating the unemployment problem.

Moreover, the effort to place demobilized soldiers in the current situation is beset with difficulties. This is because most of the ex-servicemen are poor and had little education (Level I and Level II) before joining the Army and the VYB; after they are discharged, they receive no further schooling and possess no special skills. For this reason, most of them have no regular jobs and are unemployed.

One year of placement and vocational guidance services

The Vocational Guidance and Placement Center for Demobilized Soldiers, Welfare Recipients, and Poor Laborers (address: 153 Xo Viet Nghe Tinh, Binh Thanh Precinct, telephone number: 992-1980) of the Labor, War Invalids, and Social Welfare Service of Ho Chi Minh City was founded on 22 December 1993 as the principal element of the standing body of the aforementioned program. Statistics show that, as of late October 1994, 850 ex-soldiers had registered at the center for placement and that, to date, the center has found employment for 702 of them. A total of 234 demobilized soldiers and officers on active duty have attended tailoring, foreign language, driving, leather shoes sewing, car repair, electric welding, and computer classes. The center has provided financial aid for 135 trainees. Mr. Nguyen Tat Nam, director of the center, said that the center is checking on the coordination of efforts between the military commands and labor, war invalids, and social welfare offices in the 18 precincts and districts of Ho Chi Minh City. To date, only six localities, namely 5th, 6th, Phu Nhuan, Tan Binh, and Go Vap Precincts and Cu Chi District, have reported that they had benefited from the coordinated actions between the two organs.

To give active support to various localities, in particular the rural area which is still beset by many difficulties, the center has offered consultative services and has taken the initiative in coordinating with Cu Chi District to help 212 ex-soldiers borrow a total of 860 million dong from the National Fund for Employment to start small-scale livestock raising and production projects. The center has signed contracts with the youth union of 4th Precinct and the Labor, War Invalids, and Social Welfare Office of 6th Precinct to set up branch offices of job consultant and placement services in the two precincts to help demobilized soldiers and poor laborers find employment. The center is also working to establish similar branch offices in Tan Binh Precinct.

According to Mr. Nam, although the center has obtained only limited results after one year in operation, six precincts and districts have actively responded to its work and the city administration has agreed to provide more financial support for ex-soldiers' job training. Mr. Nam said that in 1994 the public relations component of the center has established relations with 150 units needing workers throughout the country. A heartening fact is that most of these units are aware of the unemployment problem and have paid attention to finding work for demobilized soldiers.

Despite the achievements mentioned above, the results obtained in one year of operation of the joint program have fallen short of expectations because of the slow response to the center's request for funding. To implement the program more successfully, the standing body of the Ho Chi Minh City Military Command and Labor, War Invalids, and Social Welfare Joint Council suggests that the city administration continue to provide financial support for the vocational training of demobilized soldiers.

* Future of National Defense Industry Examined

952E0049A Hanoi HANOI MOI CHU NHAT in Vietnamese 11 Dec 94 pp 1, 7

[Article by Van Hung: "National Defense Industry in the Future"]

[FBIS Translated Text] Carrying out industrialization and modernization is building the material base of socialism and ensuring national defense and security. This viewpoint has long been reflected fairly profoundly in the content of various party resolutions.

To build a modern national defense industry, there must be a strong economy and a modern, advanced industry. At a time when these factors are severely limited, the modernization and industrialization process should be realized with appropriate steps along the line of the following major directions:

1. National defense interest should be taken into consideration when determining industrial areas, regional structure, industrial structure, and priorities. In both wartime and peacetime, industrial establishments are normally concentrated in the midlands and highlands so that they can be easily exploited and defended. At present, because civilian economic interest is uppermost, all important, pivotal industries are set up in the delta and coastal regions. The problem here is not merely the location of national defense industrial production establishments; what we should pay attention to is how to bring into full play the role of national defense industry in peacetime as well as *how to organize and manage the country's industry in order to rationally, effectively shift it to a wartime posture in case of hostilities.* Every industrial establishment and factory has potential in terms of national defense. We should work in such a way as to promptly, fully exploit this potential when necessary.

Thus, when going about developing regional structure and industrial structure according to areas and branches, we must take into consideration their organic relationship with the existence and development of the national defense industry.

2. At present, the technological process and production scale of various modern industries can serve two purposes. Their products can be used by both the people and national defense establishments. In this spirit, we should understand that *if the country achieves a great leap forward in the economy, it can also achieve a great leap forward in national defense industry.*

In many countries of the world, the tools of production for national defense are produced not by one but many different enterprises. On the other hand, the participation of various national defense industries in the production and export of consumer goods makes significant contributions to the development of the national economy. In the former Soviet Union, the value of civilian goods produced by national defense industry accounted for 42% of the total value of national defense industrial products. The Soviet defense industry was credited with turning out 50% of all civilian goods produced nationwide. The Soviet defense industry also accounted for not a small percentage of the electric welding rods, motorcycles, streetcars, refrigerators, civilian aircraft, ships, trains, bicycles, and washing machines made in the Soviet Union.

3. In developing the structure of territorial regions, we should provide for the building of large industrial centers, but we must attach special importance to medium- and small-scale establishments to bring into full play the role of the rear area and the strength of people's war.

We should expeditiously develop agriculture and industry at the district level. In other words, we should modernize and industrialize agriculture by introducing advanced technology into agriculture. We should build small urban industries in the districts to use local idle peasants and raw materials to turn out products locally. With regard to national defense industry, this approach would create favorable conditions for exploiting the local strength of national defense. Socioeconomically speaking, it would help curb the annual exodus of rural people to the cities in search of jobs.

There has appeared in the market economy a great many joint ventures between local and foreign companies. Whether they should be used to industrialize national defense is a matter worth thinking about. These are industrial units that use modern technology and benefit from in-depth investment, but they are not easy to manage if the foreign partners are their proprietors.

4. In the next stage of industrialization and modernization, we will not only broaden our cooperative relations with foreign countries in the fields of material supplies, techniques, culture, science and technology, but will also benefit from the most advanced scientific and technical achievements, in particular modern technology. With the changing national defense industry, application of new science and technology is a very important factor if we want to acquire modern equipment and weapons to fight against more modern weapons.

5. We must make the fullest use of technology to serve our economic interests and to develop our military art. We cannot force the economy to develop in the direction of the national defense industry, but, obviously, the military art as well as the national defense industry need to make qualitative progress on the basis of the material premises, inheritance, and dual-use character of the modernized national industry.

In the near future, in particular in the years after 2000, the national defense industry must *be gradually and really integrated* into the national industry as an *active element*.

When speaking of the Army's scientific and technical workers during the war, many agree that they were stronger and more experienced than—and intellectually superior to—the scientific cadres outside the Army. One of the decisive reasons for this superiority was that the military scientists and technicians were trained fairly systematically in some foreign countries. But nowadays, the situation is entirely different: With the exception of the engineering branch, the contingents of military scientific and technical workers of other branches are, generally speaking, intellectually inferior to other scientific and technical cadres. The civil aviation, communications, shipbuilding industry... are some concrete examples of this situation. Obviously, this state of affairs calls for the elimination of the *invisible chasm* between the two forces of scientific workers of the same country. One of the important ways to achieve this goal is to help Army scientists and technicians to come into regular, timely contact with advanced, modern technology of various countries of the world. We should also introduce our country's scientific and technical advances into each specific branch of national defense industry.

The national economy, industrial development, and technology could be regarded as the launching pad for the development of national defense industry. Lagging behind economically is synonymous with lagging behind in national defense industry. Therefore, "only by carrying out industrialization and modernization can we avoid the danger of lagging behind; consolidate and strengthen political and social stability; defend national independence, sovereignty, and territorial integrity; and firmly maintain the socialist orientation."[1]

In elaborating concrete industrialization and modernization plans, naturally we should provide for further modernizing national defense industry within the framework of our national industry and technology. Modernization also means replacing backward technology with more advanced one. Broadening the markets of national defense industry to obtain investment capital from foreign countries, seeking partners for joint ventures, finding markets for products, and attracting *the gray matter* are also necessary, appropriate steps in the stage of developing national defense industry. There are many specific tasks of national defense industry that only the state can handle. Bringing into full play its subjective dynamism, the Ministry of National Defense, in its capacity as the organ responsible to the state for the management of the peculiar "active element" of the national industry, *should clearly define the role of national defense industry in the national industrialization and modernization process.*

Footnote

1. Do Muoi: "Bring Into Play the Great Achievements of the Renovation Undertaking To Continue Steadily Advancing the Revolutionary Cause of our Country," TAP CHI CONG SAN, January 1994, p. 5.

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